

# **BID TO GOAL<sup>SM</sup> AND ISO 14001 PROJECT**



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## **Employee Bid**

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**JUNE 17, 2004**

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Prepared by HDR Engineering, Inc.

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## **SECTION 1**

### **BID BACKGROUND**

#### **1.1 INTRODUCTION**

The San Diego Water Department - Operations Division (hereinafter referred to as Water Ops) was selected to undergo a Bid to Goal ISO 14001 productivity initiative as part of the City of San Diego's Optimization Program. The Bid to Goal program was originally developed as pilot methodology by MWWD to achieve the objectives for organizational competitiveness of the Optimization Program. Management and labor partnered in submitting this proposal to the City of San Diego (City) City Manager which reflected joint interests as well as significant savings opportunities for the City. The result of this activity has culminated in the Water Ops BID, which is presented in Sections 2 and 3 of this document.

The Water Ops BID results in City employees continuing to operate and maintain the Water Operations facilities and follows directly from its primary and governing reference document, the "Bid to Goal" Memorandum of Understanding (MOU), which was approved by the City Council (see Appendix A). The MOU sets forth the basic ground rules for an agreement between the City Manager, the Water Department Director, and the Water Operations Division Team (hereinafter referred to as Water Ops Team) of management and employees as represented by Local 127 of the American Federation of State, County, and Municipal Employees (AFSCME AFL-CIO); the San Diego Municipal Employees Association (MEA); and the Water Operations Division's Management Team.

The BID is intended to be responsive to the MOU, providing complementary detail and procedural information. It was developed by the Performance Improvement Teams, then reviewed and approved by the Water Ops Bid to Goal / ISO Steering Committee.

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**1.2 SUMMARY OF WATER DEPARTMENT/OPERATIONS DIVISION BID**

Table 1.1 presents a summary of the \$1.20 million in savings compared to the baseline budget that is projected over the next five years by the Water Ops Division. Section 2 of this document presents the basis for this Water Ops BID, and Section 3 presents the service level assumptions and cost assumptions that were used to develop this Bid. Table 1.2 presents the Budget Objective for each functional area of the Water Ops Division.

The Budget Objective of the EMPLOYEE BID ties Water Ops performance to the Water Department's Mission and Vision. Water Ops performance and service levels will be measured to document that it is providing the community with safe, reliable, cost-effective, water and outstanding customer service in an environmentally sensitive manner. The performance targets will lead to achieving the goal of becoming a "Best-in-Class" water utility for our customers. Specific initiatives included in the Budget Objective are:

- Environmental Management System certified under ISO 14001 during FY05.
- Effective use of technology
  - Maintenance Management System Implementation
  - System Optimization Implementation
- Full implementation of the Water System Technician (WST) including initial salary increases.
- Fully funding all purchased water costs
- A budgeted two year Pay for Performance Program
- Rigorous performance measurement and tracking in accordance with American Water Works Association (AWWA) national QualServe program.

**Table 1.1**  
**Budget Objectives and Savings**

|                  | <b>FY 2005</b> | <b>FY 2006</b> | <b>FY 2007</b> | <b>FY 2008</b> | <b>FY 2009</b> |
|------------------|----------------|----------------|----------------|----------------|----------------|
| Baseline         | 195,406,700    | 203,023,300    | 212,798,000    | 222,887,000    | 233,572,400    |
| Budget Objective | 194,955,000    | 203,502,200    | 212,958,000    | 222,086,200    | 232,980,100    |
| Savings          | 451,700        | (478,900)      | (160,000)      | 800,800        | 592,300        |



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| <p style="text-align: center;"><b>Table 1.2</b><br/><b>Budget Objective, Water Operations Division (\$)</b></p> |                       |                       |                       |                       |                       |
|-----------------------------------------------------------------------------------------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| <i>Functional Group or Rem</i>                                                                                  | <i>BID FY 2005</i>    | <i>BID FY 2006</i>    | <i>BID FY 2007</i>    | <i>BID FY 2008</i>    | <i>BID FY 2009</i>    |
| Miramar Water Treatment Plant                                                                                   | 2,297,200             | 2,282,800             | 2,268,700             | 2,254,300             | 2,240,100             |
| Alvarado Water Treatment Plant                                                                                  | 2,285,500             | 2,270,300             | 2,255,000             | 2,239,900             | 2,224,700             |
| Otay Water Treatment Plant                                                                                      | 1,213,000             | 1,203,500             | 1,193,900             | 1,184,500             | 1,175,200             |
| System Operations                                                                                               | 12,342,400            | 12,310,200            | 12,278,000            | 12,245,800            | 12,213,600            |
| Construction                                                                                                    | 11,902,100            | 11,774,700            | 11,647,300            | 11,520,000            | 11,392,600            |
| Administrative Support                                                                                          | 7,801,600             | 7,565,600             | 7,315,400             | 7,070,500             | 7,070,500             |
| Water Quality Laboratory                                                                                        | 4,669,600             | 4,669,600             | 4,594,200             | 4,594,200             | 4,594,200             |
| Engineering                                                                                                     | 7,574,400             | 8,215,100             | 8,498,300             | 8,773,200             | 8,999,600             |
| Reservoirs and Recreation                                                                                       | 4,276,900             | 4,386,500             | 4,413,700             | 4,667,100             | 4,868,100             |
| Safety                                                                                                          | 1,084,700             | 1,084,700             | 1,084,700             | 1,084,700             | 1,084,700             |
| Stormwater/Watershed                                                                                            | 475,500               | 375,500               | 350,500               | 350,500               | 350,500               |
| Divisional Contingency                                                                                          | 1,116,400             | 1,126,300             | 1,132,000             | 890,700               | 888,100               |
| Additional Services - Poly Services Program                                                                     | 1,130,500             | 1,130,500             | 1,130,500             | 1,130,500             | 1,130,500             |
| Inflation (4% per yr from FY 04)                                                                                | 2,282,100             | 4,673,200             | 7,121,000             | 9,701,500             | 12,423,800            |
| <b>Fixed Budget Objective</b>                                                                                   | <b>\$ 60,451,900</b>  | <b>\$ 63,068,500</b>  | <b>\$ 65,283,200</b>  | <b>\$ 67,707,400</b>  | <b>\$ 70,656,200</b>  |
| Additional Services - MWWWD / CIP Support (Pass-Through)                                                        | 5,392,800             | 5,608,600             | 5,832,900             | 6,066,200             | 6,308,900             |
| Water Purchase Pass Through Costs                                                                               | 111,741,600           | 116,011,600           | 122,305,800           | 128,775,100           | 135,696,000           |
| Other Pass Through Costs                                                                                        | 17,368,700            | 18,063,500            | 18,786,100            | 19,537,500            | 20,319,000            |
| Budgeted Pay for Performance (Pass-Through)                                                                     |                       | 750,000               | 750,000               | -                     | -                     |
| <b>Pass Through Budget Objective</b>                                                                            | <b>\$ 134,503,100</b> | <b>\$ 140,433,700</b> | <b>\$ 147,674,800</b> | <b>\$ 154,378,800</b> | <b>\$ 162,323,900</b> |
| <b>Total Bid Budget Objective</b>                                                                               | <b>\$ 194,955,000</b> | <b>\$ 203,502,200</b> | <b>\$ 212,958,000</b> | <b>\$ 222,086,200</b> | <b>\$ 232,980,100</b> |

### **1.3 BID BUDGET OBJECTIVE COMPONENTS**

The Bid Budget Objective presented in Table 1.2 is divided into two components for the purpose of performance auditing. The two components are 1) Fixed Budget Objective and 2) Pass-through Budget Objective.

#### **1.3.1 The Fixed Budget Objective**

The Fixed Budget Objective represents the cost elements of the Bid that do not fluctuate based on actual results, other than an annual adjustment for inflation. The actual results on the cumulative fixed costs are compared to the Fixed Budget Objective to determine transfers to the Assurance Fund.

#### **1.3.2 The Pass-through Budget Objective**

The Pass-through Budget Objective represents the cost elements of the Bid that are permitted to fluctuate based on actual results. The Pass through Budget Objective generally represents costs that are subject to price volatility and influences out of full control of the Water Ops Team. Examples include raw water purchases and electricity. Actual performance with respect to the Pass-through Budget Objective is not a factor for the determination of Assurance Fund transfers. No transfers to the Assurance Fund shall be made from savings against the Pass-through Budget Objective.

### **1.4 ASSURANCE FUND TRANSFERS, GAINSHARING, AND PAY FOR PERFORMANCE AWARDS**

In accordance with the Memorandum of Understanding (MOU), 50% of additional savings resulting from actual performance at costs below the annual Fixed Budget Objective shall be placed in an Assurance Fund. The Assurance Fund may be used for purposes outlined in Section IV.D. of the MOU, including gainsharing. Transfers to the Assurance Fund shall be expressly based on actual performance at costs less than the Fixed Budget Objective and Registration by an independent registrar to the ISO 14001 Environmental Management System Standard on the last day of each Fiscal year for which Transfers to the Assurance Fund are made.

#### **1.4.1 Maximum Gainsharing Amount Per Water Ops Team Employee**

The maximum permitted annual gainsharing payout per employee shall be \$2,000 (net after taxes) for FY 2005 and FY 2006, and shall not exceed \$3,000 (net after taxes) in FY 2007 through FY 2009, subject to the availability of monies in the Assurance Fund. Recommendations for annual gainsharing payouts are made by the Water Operations Labor-Management Partnership and are subject to approval by the Water Department Director.

#### **1.4.2 Approvals of Transfers to the Assurance Fund**

Transfers to the Assurance Fund are subject to approval by the Office of the City Auditor and Comptroller, based on their independent review of the additional savings and ISO 14001 Registration. Performance to these requirements shall be included in the quarterly and annual performance reports as described in Section 2.2.8.4 of this BID.

### **1.4.3 Pay for Performance Awards**

In addition to the gainsharing program described in Sections 1.4.1 and 1.4.2 above, the Water Ops Management will institute a Pay for Performance Program for the employees of the Water Ops team functional areas: Water Treatment, System Operations, Construction, Laboratory, Engineering, Lakes and Recreation Safety, Administrative Support, and Storm Water/ Watershed.

#### **1.4.3.1 Goal for Pay for Performance Awards.**

The goal of the Pay for Performance Awards is to improve operational performance by providing cash incentives to employees for achieving specified performance goals. Cash incentives are subject to fund availability, per section 1.4.3.3 below.

#### **1.4.3.2 Criteria for designing a Pay for Performance Awards program**

- 1.4.3.2.1 Water Ops employees taking part in the Pay for Performance program will be eligible for awards.
- 1.4.3.2.2 Specific measurable levels of performance, which will be required for an award, as outlined in the Management Scorecard in the Business Plan. The Management Scorecard for each Functional Area will be established by June 15<sup>th</sup> of the Year prior to the Fiscal Year for which the performance Levels will be measured. The areas to be measured will be developed by input from all levels in the Water Opts Division
- 1.4.3.2.3 Performance levels will be measured for each year of this BID and will be reported on a quarterly basis. The results of the quarterly report will be distributed to the employees in the functional areas as well as the labor unions, the Optimization Program Manager, the Water Department Director, the Utilities General Manager, and the City Auditor.
- 1.4.3.2.4 The Water Ops Division Deputy Director will develop plans for employee recognition
- 1.4.3.2.5 The award will be a cash award in the maximum amount of \$1,000 (net after taxes) for FY 2005-2009 dependant on the percentage of goals achieved during the year and subject to availability of funding as described in Section 1.4.3.3.

#### **1.4.3.3 Funding for the Pay for Performance Award**

- 1.4.3.3.1 The Bid includes a budget line item for Pay for Performance awards in FY 2006 (for FY 2005 performance), and in FY 2007 (for FY 2006 performance). Funding for performance in FY 2007 and beyond is only available from monies in the Assurance Fund. For any given fiscal year, the cumulative dollar value of Bid-to-Goal awards issued will be limited to the budgeted dollar amount (for FY 2006 and FY 2007) or the Assurance Fund Balance (FY 2008 and beyond).

## **1.5 ADJUSTMENTS TO THE BID AND/OR BUDGET OBJECTIVE**

### **1.5.1 Background**

In Section V.C. of the MOU, the parties acknowledge that circumstances can occur that could require a negotiated adjustment to the BID. MOU Section V.C. also lists several events qualifying for BID adjustments. Furthermore, this BID contains references to potential conditions or situations that may warrant BID adjustments.

### **1.5.2 Process for Submittal and Approval of BID Adjustments**

**Step 1 – Early Notification:** Upon determination by the Water Ops Team of an event or situation that may qualify for a BID adjustment, the Water Department Director shall notify the Optimization Program Manager in writing. The written notice should include a description of the nature of the event and an estimate of the requested adjustment/fiscal impact.

Requests for Bid adjustments should be made early, upon identification of a potentially qualifying event. Requests submitted late in the year may result in a delay of the Annual Audit.

**Step 2 – Review and Approval:** The request will be reviewed by the Optimization Program. Depending on the nature of the request and the details of the review, the Optimization Program will take one or more of the following actions:

- Approve the requested adjustment without requiring an Amendment to the Bid.
- Request an Amendment to the Bid. The Water Ops Team would be required to prepare an Amendment to the Bid and obtain signatures from all parties to the agreement, including but not limited to the labor organizations, the Optimization Program Manager, and the City Manager.
- Request additional information from the Water Ops Team.
- Meet with Water Operations Management and/or the Labor-Management Partnership Committee to review the request.
- Convene a meeting of the Optimization Advisory Panel to review the request.

**Step 3 – Resolution:** Adjustments approved per Step 2 shall be documented in subsequent applicable quarterly and year-end Performance Reports. All adjustments are subject to independent validation by the City Auditor's Office. Adjustments with incomplete or improper fiscal documentation may not be accepted by the Auditor. It is the responsibility of the Water Ops Team to properly and completely document all requested adjustments.

All requests for BID Adjustments and/or BID Amendments must be resolved before the Annual Audit can commence.

## **1.6 OPTIMIZATION PROGRAM ROLE AS CONTRACT ADMINISTRATOR**

The City Manager has designated the Optimization Program Manager as the *Contract Administrator* for the City in this Bid Agreement with the Water Ops Team. All issues and changes pertaining to this Bid are subject to review and approval by the Optimization Program Manager, the Water Department Director, the Utilities General Manager, and the City Manager's Office.

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1.7 BID APPROVAL

Water Ops Team submission, Water Department approval, and City of San Diego acceptance of this BID are indicated by appropriate signatures below. When this page is fully executed and dated, the BID is accepted and the Bid to Goal program is initiated.

SUBMITTED FOR THE WATER OPS TEAM

  
Mark Stone  
Division Deputy Director

Date: 6/17/04

APPROVED FOR WATER DEPARTMENT

  
Larry Gardner  
Department Director


Date: 6/17/04

APPROVED FOR THE CITY OPTIMIZATION PROGRAM

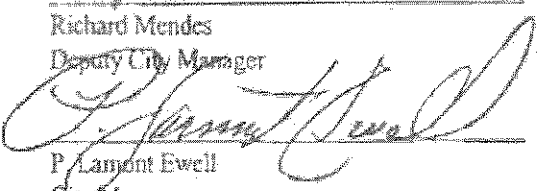
  
Optimization Program Manager

Date: 7/6/04

ACCEPTED BY THE CITY OF SAN DIEGO

  
Richard Mendes  
Deputy City Manager

Date: 7/7/04

  
P. Lamont Ewell  
City Manager

Date: 7/7/04

## **SECTION 2**

### **BID BASIS**

#### **2.1 INTRODUCTION**

##### **2.1.1 General**

The Water Ops Team developed this BID with the intention of sustaining the most balanced and advantageous approach to providing reliable, safe, and competitive regional water supply and distribution systems operations and maintenance in the best interests of public health, safety, welfare, environmental protection, and community economic interests.

For the purpose of this BID, the following Water Ops Sections are within the scope of services provided (in scope) by the Water Ops Team:

Operating Sections:

- Water Treatment
- System Operations
- Construction

The following support Sections for direct or allocated support of in-scope Operating Sections:

- Laboratory
- Engineering
- Lakes and Recreation
- Safety
- Administrative Support
- Storm Water/Watersheds

The Water Ops Team shall establish a headquarters site located in the City to house most administrative functions. Facilities are currently located at 2797 Caminito Chollas, San Diego, California, 92105-5097.

Water Ops Team's actual costs to manage, support, operate, and maintain the System will be tracked and reported in relation to the Budget Objective.

Excluded from the scope of this BID (out of scope), unless specifically noted, are the following services or facilities:

- Activities of other Water Department Divisions and Sections
- Any new facility not presently on-line or named within this document
- Water Department CIP Projects and System Modifications not presently on-line or named within this document
- Support for excluded facilities and activities

### 2.1.2 Description of In-Scope Facilities

In accordance with this BID, Water Ops Team shall administer, operate, and maintain the water system for a service area of 403 square miles including the City of San Diego and surrounding jurisdictions, municipalities, and areas in the region. In these areas there are outlying facilities in other jurisdictions. Water Ops serves a population of approximately 1,223,400 people plus the population of the following customers: the City of Del Mar and Cal-American. The System has three water treatment plants with a processing capacity of approximately 324 million gallons per day (MGD). The recycled water system receives recycled water from two facilities (North City WRP and South Bay WRP, which are not in-scope for Water Ops), having a plant processing capacity of approximately 45 MGD. This BID defines the duties and responsibilities with the associated costs for operation and maintenance of the System by the Water Ops Team for the Budget Objective.

The scope of service for the management of the operation and maintenance of the System shall include the following potable water facilities:

- Three water treatment plants (listed in Table 2.1)
- More than 3,100 miles of waterlines up to 96 inches in diameter
- More than 260,000 service connections
- 46,169 waterline valves
- 2,371 air valves
- 24,145 fire hydrants
- More than 90 pressure zones
- 28 potable water reservoirs, tanks and standpipes with more than 200 million gallons of storage capacity (listed in Table 2.2)
- 47 potable water pumping stations (listed in Table 2.3)
- 10 surface water lakes and reservoirs (listed in Table 2.4)

In addition, the scope of services shall include the following recycled water facilities:

- More than 66 miles of recycled waterlines up to 48 inches in diameter
- 1 recycled reservoir
- 2 recycled water pumping stations

**Table 2.1**  
**Water Plant Current and Projected Capacities (Million Gallons Per Day, MGD)**

|          | <b>FY 2004</b> | <b>FY 2005</b> | <b>FY 2006</b> | <b>FY 2007</b> | <b>FY 2008</b> | <b>FY 2009</b> |
|----------|----------------|----------------|----------------|----------------|----------------|----------------|
| Alvarado | 150            | 150            | 150            | 150            | 200            | 200            |
| Miramar  | 140            | 140            | 140            | 140            | 215            | 215            |
| Otay     | 34.2           | 34.2           | 34.2           | 34.2           | 34.2*          | 34.2*          |

\* Expansion options and timing are not defined.

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**Table 2.2**  
**Potable Water Reservoirs and Tanks**

| <b>Name</b>                | <b>Name</b>               |
|----------------------------|---------------------------|
| Alvarado East Reservoir    | Miramar Clearwell #1      |
| Alvarado West Reservoir    | Miramar Clearwell # 2     |
| Black Mountain Res.        | Miramar Ranch North Res.  |
| Bayview Res.               | Paradise Mesa Standpipe   |
| Carmel Mtn. Ranch Res.     | Point Loma Res.           |
| Catalina Standpipe         | Pomerado Park Res.        |
| College Ranch Standpipe    | Rancho Bernardo Res.      |
| Del Cerro Res.             | Redwood Village Standpipe |
| Earl Thomas                | San Carlos Res.           |
| La Jolla Country Club Res. | Scripps Ranch Res.        |
| La Jolla Exchange Pl. Res. | Soledad Res.              |
| La Jolla View Res.         | South San Diego Res.      |
| Los Penasquitos Res.       | University Heights Res.   |
| Otay Clearwell #1          | Otay Clearwell #2         |

**Table 2.3**  
**Potable Water Pumping Stations**

| <b>Name</b>          | <b>Name</b>                | <b>Name</b>         |
|----------------------|----------------------------|---------------------|
| Bernardo Heights     | San Andres                 | Deerfield           |
| Bernardo Trails      | Scripps McMillian          | Del Cerro           |
| Carmel Industrial    | Scripps Miramar            | Del Cerro Highlands |
| Carmel Mall          | Scripps Poway Parkway      | Eagle Ridge         |
| Carmel Mountain High | Scripps Woods              | Montezuma           |
| Country Club         | Soledad                    | Oceanview Hills     |
| Exchange Pl.         | South Creek                | Otay Mesa           |
| Gatewood Hills       | 65 <sup>th</sup> & Herrick | Paradise Hills #2   |
| Los Penasquitos      | Catalina                   | Paradise Mesa #1    |
| Mercy Mira Mesa      | Bayview                    | Paradise Mesa #2    |
| Miramar Ranch North  | Cabrillo Plaisades         | Princess View       |
| Muirlands            | Cielo & Woodman            | Scripps Poway Pkwy  |
| Penasquitos Bluffs   | Chollas Heights            | Tierrasanta Temp.   |
| Pomerado             | Climax                     | Villa Dominique     |
| Rancho Bernardo      | College Ranch              | Waring Rd.          |
| Rancho Bernardo Ind. | College Ranch Hydro        |                     |



**Table 2.4**  
**Raw Water Reservoirs and Lakes**

| Name             | Storage Capacity, Ac.Ft. |
|------------------|--------------------------|
| Barrett          | 37,900                   |
| Morena           | 50,200                   |
| Sutherland       | 29,600                   |
| El Capitan       | 112,800                  |
| Upper/Lower Otay | 49,500                   |
| Chollas          | No Water Supply          |
| San Vicente      | 90,200                   |
| Lake Murray      | 4,800                    |
| Miramar Lake     | 7,200                    |
| Hodges           | 33,600                   |

### **2.1.3 Base Levels of Service; Risk and Associated Cost Responsibility**

#### **2.1.3.1 Level of Service**

The BID is presented for operation and maintenance of the System at currently sustained service levels, or as specified herein. The BID is based on achieving ISO 14001 registration of its Environmental Management System by September 2004. Unless otherwise specified or agreed to, the standard for the current level of service will be that service level provided by Water Ops in FY 2003.

#### **2.1.3.2 Risk Management and Cost Responsibility**

The operation and maintenance of water transmission and distribution, treatment facilities, and recreational activities involve a variety of institutional risks, such as political, social, environmental, and public relations. An example of an institutional risk is the potential for a violation of a drinking water regulatory standard. Beyond possible cost consequences, this event could cause significant adverse political, environmental, regulatory compliance, community economic, or public relations impacts. The responsibility for this type of risk remains with the System owner, the City, and cannot be delegated to private or public operators. The City's recourse for minimizing such risks is constructing the System to the highest reliability standards and assuring its operation and maintenance with trained, competent personnel supported by sufficient financial, technical, and managerial resources. The nature of the agreement with the service provider can contribute to the optimal management of certain aspects of these risks.

A basic principle of Contract Operations, whether private or public, is this concept of risk management and associated allocation of cost responsibilities. In order to realize the benefits of reduced costs using competition-driven technologies and operating techniques, this BID proposes an allocation of cost responsibilities in a manner similar to allocations commonly found in the private Contract Operations Industry. For example, the Water Ops

Team is prepared to accept some of the risk involved in energy cost savings. However, without the appropriate remote monitoring and control equipment, attempts to reduce energy costs would create a risk in the event of a system failure. Once the appropriate control and monitoring system technology is in place, selected pumping systems can be operated and monitored, which will result in managed risk reduction and in energy cost savings. Use of remote SCADA monitoring systems, in conjunction with alarm response plans, has been found to be a manageable approach to affect energy savings.

Table 2.5 presents examples of Cost Responsibilities of In-Scope Items (issues that are the responsibility of the Water Ops Team in return for the funds included in the Budget Objective). Should any of these issues occur, the Water Ops Team assumes responsibility without a request for additional funds.

**Table 2.5**  
**Cost-Responsibilities of In-Scope Items**

| <b>In-Scope Items</b>                                            | <b>Example</b>                                                                      |
|------------------------------------------------------------------|-------------------------------------------------------------------------------------|
| <b>To Operations Sections and Support Sections</b>               |                                                                                     |
| Operations Staffing                                              | Salaries, benefits, overtime                                                        |
| Chemicals                                                        | Treatment chemical purchases                                                        |
| Treatment of Water Meeting Assumed Water Supply Conditions (WSC) | Meeting treatment and flow requirements                                             |
| SDWA Compliance for WTPs                                         | Turbidity limitations                                                               |
| Purchased Treated Water, as described in section 2.2.11.3        | The incremental cost of imported treated water above the cost of imported raw water |
| SDWA Compliance for Distribution Systems                         | Disinfection By-Products (D/DBP) standards                                          |
| Routine Maintenance                                              | Hydraulic control maintenance, facility cleanup                                     |
| Preventive Maintenance                                           | Belts, air filters, lubricants replacement                                          |
| Predictive Maintenance                                           | Vibration, infrared, lubricants analysis                                            |
| Grounds Maintenance                                              | On-site street repair, lawn care, weed abatement                                    |
| Building Maintenance                                             | Roof repairs                                                                        |
| Normal Equipment Repairs and Replacement                         | Replacement or repair of equipment when worn out                                    |
| Regulatory Coordination/Reporting                                | Dealing with routine regulatory issues and inspections                              |
| Operational Safety and Safety Coordination                       | Safety training and program monitoring                                              |
| Allocated Risk Management Costs / City Self Insurance            | Costs of City Risk Management Program (Pass-through)                                |
| Fines                                                            | Permit violation due to non-performance of operators or maintenance staff           |
| Electrical Energy Demand and Usage                               | Operation within usage maximums                                                     |

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| Utilities                                               | Bills for water and sewer usage (Pass-through) and electrical & usage costs |
|---------------------------------------------------------|-----------------------------------------------------------------------------|
| Site Access and Visitation Coordination                 | Plant tours by school, policy, and interest groups where approved           |
| In-Scope Items                                          | Example                                                                     |
| <b>To Water Ops Division</b>                            |                                                                             |
| Normal Escalation, Salary Changes, and Inflation        | Four percent (4 %) per year of section costs                                |
| Individual Operating / Support Section Budget Over-runs | Overall bid cost control for in-scope and out-of-scope items                |
| Division Initiatives for Repairs & Replacement          | Plant automation projects for cost savings or enhancements                  |

Table 2.6 presents examples of Cost Responsibilities of Out-of-Scope Items. Should any of these issues occur, the Water Ops Team would be entitled to an adjustment in the Budget Objective.

**Table 2.6**  
**Cost-Responsibilities of Out-of-Scope Items**

| Out-of-Scope Items                                     | Example                                                                                                                                                                                                                           |
|--------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>To Water Department</b>                             |                                                                                                                                                                                                                                   |
| Uncontrollable Circumstances                           | Changes in interpretation of existing regulations; impacts of and the legal and regulatory compliance impacts; change in conditions or source of purchased water                                                                  |
| Unanticipated Growth Changes                           | System demands growing faster than the accepted estimates in the Water Supply Conditions WSC                                                                                                                                      |
| Changes in System Operations                           | Extra costs for water quality changes                                                                                                                                                                                             |
| Impacts of New Facilities, On Site                     | New ozonation facilities, new UV facilities                                                                                                                                                                                       |
| Regulatory Change Negotiations                         | Dealing with CDHS and EPA on permit changes                                                                                                                                                                                       |
| Special Compliance Monitoring Analysis and Reporting   | Additional analysis beyond services historically performed by Laboratory section                                                                                                                                                  |
| CIP Delays Costs / CIP Related Operations Staffing     | All impacts on Operations by CIP projects, including labor costs of shutdowns, additional training, maintenance troubleshooting labor, senior staff review and meeting time, and report writing documenting problematic equipment |
| Construction Related Property and Personnel Protection | Water Ops is not responsible for Contractor safety                                                                                                                                                                                |
| Extraordinary Site Security, Repairs of Vandalism      | Mandated additional security measures which may arise from Vulnerability Assessments                                                                                                                                              |

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|                                                               |                                                                                                                                               |
|---------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------|
| Increases in Fringe Benefit Allocations                       | Policy changes increasing the Water ops Fringe Benefit Allocation to more than 40 per cent of Direct Labor costs.                             |
| <b>To City of San Diego</b>                                   |                                                                                                                                               |
| Changes in Law and City policies and guidelines               | New SDWA Requirements, New Security needs                                                                                                     |
| Major Uncontrollable Circumstances                            | FEMA Eligible Event                                                                                                                           |
| Capital Improvements / Expansions / Structural Failures       | Traditionally funded through the CIP Program, except as specified                                                                             |
| Citywide Labor MOU Changes                                    | Labor MOU revisions                                                                                                                           |
| Treatment of Water in the Reclaimed Water Distribution System | Impacts such as carrying high chlorine residuals to facilitate distribution system operations; and dechlorination to lower chlorine residuals |
| Hazardous Materials                                           | Illegal dumping                                                                                                                               |

## **2.2 SERVICE LEVEL AGREEMENT**

This BID is presented for operations and maintenance of the System. Levels of service for maintenance of the System will be documented at the end of each year for the service indicators identified in the Business Plan. Standard performance for each year of the agreement will be projected for the term of the agreement and adjusted annually.

### **2.2.1 Memorandum of Understanding**

The MOU is the basis for the preparation of this BID. No material exceptions or modifications to the MOU are offered, and the BID and levels of service proposed in this BID are in accordance with the MOU. This BID includes implementation and interpretive details regarding the policy statements contained in the MOU. Once the BID is accepted, an agreement is operative for the continued operation and maintenance of the System. The agreement is governed by the MOU, the BID, and other relevant guidelines and regulations.

### **2.2.2 Assumed Water Supply Conditions (WSC)**

Certain average annual system water flow projections concerning raw water characteristics are the basis of this BID. The Assumed Water Supply Conditions (WSC) expected to be transported or treated by the System were the basis for the Budget Objective. WSC relevant to this BID are presented in Table 2.7.

**Table 2.7**

**Key Projected Assumed Water Supply Conditions (WSC) for the Water System**

| <b>WSC</b>                                                           | <b>Unit</b> | <b>FY04</b> | <b>FY05</b> | <b>FY06</b> | <b>FY07</b> | <b>FY08</b> | <b>FY09</b> |
|----------------------------------------------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Recycled Water Use ** Avg.                                           | MGD         | 6.0         | 6.0         | 6.0         | 6.0         | 6.0         | 6.0         |
| Total Effective Demand (Potable Water) Avg.                          | MGD         | 205.6       | 206.4       | 207.2       | 208.1       | 208.9       | 209.7       |
| Local Yield *** Avg.                                                 | MGD         | 7.1         | 7.1         | 7.1         | 7.1         | 7.1         | 7.1         |
| Projected Raw Water Purchases Avg.                                   | MGD         | 198.5       | 199.3       | 200.1       | 200.9       | 201.7       | 202.6       |
| Alvarado Water Plant Production (Avg.)                               | MGD         | 74.9        | 75.1        | 75.4        | 75.7        | 75.9        | 76.2        |
| Miramar Water Plant Production (Avg.)                                | MGD         | 76.7        | 76.9        | 80.3        | 80.7        | 81.0        | 81.8        |
| Otay Water Plant Production (Avg.)                                   | MGD         | 22.2        | 22.3        | 22.4        | 22.5        | 22.6        | 22.6        |
| Treated Water Purchases Avg.                                         | MGD         | 52.6        | 52.8        | 53.0        | 53.2        | 53.4        | 53.6        |
| Pumpback (Avg.)                                                      | MGD         | -20.8       | -23.8       | -23.9       | -23.9       | -24.0       | -24.1       |
| Ratio of State Project Water to Colorado River Water Avg.            | %           | <30%        | <30%        | <30%        | <30%        | <30%        | <30%        |
| Annual Average SUVA****                                              | L/mg-m      | <2.0        | <2.0        | <2.0        | <2.0        | <2.0        | <2.0        |
| Raw Water, 3 days consecutive Monitoring Period, Total Coliform Avg. | # /100ML    | <1000       | <1000       | <1000       | <1000       | <1000       | <1000       |

\*\* Recycled water use is assumed to be 6,720 acre-feet per year.

\*\*\* Local yield is based on historical data of 8,000 acre-feet per year.

\*\*\*\* SUVA means Specific Ultraviolet Absorbance

### **2.2.3 Associated In-Scope Responsibilities**

The Water Ops Team will be responsible for all associated aspects of the operation and maintenance of the System, as set forth in this BID and under the MOU.

CITY POLICIES AND GUIDELINES. The Water Ops Team and its employees, subcontractors, agents, and invitees will be required to comply with all City policies and guidelines. Any cost associated with a change to City policies and guidelines as of the date of this agreement is considered to be out-of-scope and is listed in the Out-of-Scope Table 2.6

STORM WATER. Storm water discharge from the System is regulated by various National Pollutant Discharge Elimination System (NPDES) permits for storm water. The Water Ops Team will operate the System in accordance with existing storm water NPDES permits and existing storm Water Pollution Prevention Plans.

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HAZMAT. The Water Ops Team shall comply with existing City and other regulatory HAZMAT policies.

SECURITY. The Water Ops Team shall be responsible for basic site security such as maintaining fencing and locking gates, through Water Ops Team members. The Water Ops shall contract for security agencies to provide site security and the cost shall be deemed a Pass-through Cost.

EMERGENCY PREPAREDNESS PLAN. The Water Ops Team shall review and update as required the existing Emergency Preparedness Plan for interaction and coordination with other local agencies.

TRAINING. The Water Ops Team shall ensure employees receive training opportunities to maintain necessary certification or other qualifications to meet regulatory requirements. The Water Ops Team shall also provide City or the Water Department required training not directly related to the Water Ops Team's core functions. However, costs for required non-core City function training beyond FY 2003 levels shall be out of scope.

STAFFING. The Water Ops Team shall provide qualified staffing for the System, including supervisory staff, which maintains any certifications and qualifications necessary to comply with regulatory requirements.

ELECTRICAL USE. The Water Ops Team shall manage the system electrical use.

The Water Ops Team shall establish in this BID Maximum Energy Utilization values for usage and shall manage the system at or below these values.

The Water Ops Team may monitor or estimate and record electricity use of third-party contractors for capital projects, and the costs of this usage shall be out of scope, and shall not be included as part of the Maximum Energy Utilization.

Electrical Costs shall be a Pass-through Cost, as provided herein.

PURCHASED WATER USE. The Water Ops Team shall manage the cost and expense of System imported purchased raw water. The Water Department through existing and future agreements shall provide imported purchased raw and treated water to Water Ops from purchased sources. Raw Purchased Water shall be a Pass-through Cost. The incremental costs of imported Treated Purchased Water, not including the cost of Raw Purchased Water or fix charges, shall be in-scope as explained in section 2.2.11.3 of this BID.

UTILITIES. The Water Ops Team's responsibility with respect to utilities will be as follows:

- Telephone service charges and associated taxes and repairs will be the responsibility of the Water Ops Team.
- Water and Sewer Service charges and Natural Gas charges will be Pass-through Costs.
- Changes in revenues shall be accounted for as described in MOU paragraph entitled Administration of the Agreement, subparagraph Budget Performance Monitoring.

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SPILLS. The Water Ops Team will be responsible for actions and costs associated with the cleanup, reporting, and disposal of all spills at the site from Water Ops Team activities, including activities of third-party contractors working on the behalf of the Water Ops Team. Actions and costs associated with the actions, fines, cleanup, reporting, and disposal of all spills at the site from third-party contractors working on CIP activities or any others shall be out of scope.

Other on-site third-party contractors (e.g., CIP) shall be responsible for cleanup, reporting, disposal, and all associated costs of all spills occurring as a result of their operations. The Water Ops Team will facilitate emergency and urgent actions in this regard. Costs thus incurred shall be out of scope.

DISCHARGES. The Water Ops Team will be responsible for actions and costs associated with the cleanup, reporting, and disposal of all discharges at the site from Water Ops Team activities, including activities of third-party contractors working on the behalf of the Water Ops Team. Actions and costs associated with the cleanup, reporting, and disposal of all discharges at the site from third-party contractors working on CIP activities or any others shall be out of scope.

Other on-site third-party contractors (e.g., CIP) shall be responsible for cleanup, reporting, disposal, and all associated costs of all spills occurring as a result of their operations. The Water Ops Team will facilitate emergency and urgent actions in this regard. Costs thus incurred shall be out of scope.

SOLID WASTES. The Water Ops Team shall be responsible for disposal of all solid wastes generated on site from Water Ops activities, in accordance with all applicable regulations. This paragraph does not apply to water plant residuals or sludge. All cost for disposal of solid wastes generated by third-party contractors working on CIP activities, or any others, shall be out of scope.

INSURANCE. The Water Ops Team shall furnish the required insurance as provided by the City in accordance with the City's Risk Management Policies. The costs of insurance are paid by the Water Ops Team as a Pass-through Cost as discussed in Section 2.2.11 of this BID.

TOOLS AND EQUIPMENT. The Water Ops Team shall furnish and maintain all tools and equipment needed to repair and maintain the System.

VEHICLES. The Water Ops Team shall manage the operation and pay for maintenance of all the vehicles and other related equipment designated by the Water Ops Team for the operation and maintenance of the System.

EMERGENCY PLANS AND SAFETY PROVISIONS. As part of the Water Ops Team's obligations pursuant to this BID, the Water Ops Team shall prepare the following plans for review and approval by the Water Department within three (3) months after the Commencement Date. Following such approval, the plans shall become part of the emergency plan.

- Risk Management Plans for the Alvarado WTP, the Miramar WTP, and the Otay WTP.
- Water Ops Team's Emergency Procedure Manual is to include responses for earthquakes, chemical spills to the reservoirs, chemical spills within Water Department facilities, water main breaks, flood plans, and emergency threat plans.

The Water Ops Team shall adopt and utilize the existing plans as prepared by the Water Department and shall assume full responsibility for the accuracy and effectiveness of these plans.

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**SAFETY PROGRAM.** Water Ops Team shall adhere to Federal, State and City safety programs in order to effectively minimize the potential for injury and property damage. The Water Ops Team shall provide for qualified personnel to implement and monitor mandated safety initiatives. All modifications or procedural changes due to safety recommendations by City or other regulatory agencies shall be deemed and treated as a change in law.

**INFORMATION TECHNOLOGY SUPPORT.** The Water Ops Team shall manage all required information technology support to ensure continued efficient operations. The Water Ops Team may elect to allow that such support (hardware and software) be provided through the Water Department and the existing Water Department IT Team and San Diego Data Processing Corporation. If the Water Ops Team elects to provide such services through means other than the existing Water Department IT Team and San Diego Data Processing Corporation, it will be responsible for all necessary hardware and software costs, including ongoing user support, as well as developing the necessary links to the Water Department's system to ensure continued reliable and accurate operation of that system, all in accordance with the requirements of the Agreement.

**BUILDING, GROUNDS MAINTENANCE, AND CENTRAL YARDS.** Areas as available to the Water Operations Division within the existing Water Ops facilities are to be provided to the Water Ops Team for its use. The existing areas within the Alvarado Laboratory that are being used by the Water Ops Division are to be provided to the Water Ops Team for its use. Maintenance of these buildings will remain the responsibility of the Water Ops Team. The Water Ops Team may elect to allow that such building maintenance support be provided through the Water Department, its existing service provider City Facilities Maintenance, and other service providers. The Water Ops Team shall be required to manage the phone service.

The Water Ops Team shall be responsible for managing the security of building and grounds maintenance, landscaping, and parking for all portions of the Alvarado, Miramar and Otay WTPs, all water pumping stations, all intake structures for the water treatment plants, and the potable water storage tanks or reservoirs. The Water Ops Team shall be responsible for management of the building and grounds maintenance, landscaping, and parking for portions of facilities used by the Water Ops Team.

Areas at the Chollas Yard will be made available for the Water Ops Team's use. Area for the pipe, bedding, and miscellaneous material storage shall be provided. In addition, the areas for parking of employee vehicles and vehicles to be operated and maintained by the Water Ops Team shall be provided.

Except for Capital Improvements, the Water Ops Team shall provide all personnel, materials, parts, equipment, supplies, and services necessary to maintain the System structures, process equipment, buildings, HVAC systems, electrical equipment, instrumentation and controls, roadways, walkways, and landscaping to accomplish high efficiency operations, long-term reliability, and preservation of capital investment.



WATER SERVICE TECHNICIAN SERIES IMPLEMENTATION. The personnel costs associated with the implementation of the Water Service Technician Series (WST) are included as part of the Budget Objective. The internal Water Operations costs of managing the implementation of the WST Series such as interviewing, selecting and filling positions to implement the WST Series are also included in the Budget Objective. Costs for future salary increases as reclassified WST staff change salary steps will be included in the adjustments for personnel as provided in Section IV. C. of the MOU. Costs for WST support from other Division of the Water department are not included in the Budget Objective.

ENVIRONMENTAL MANAGEMENT SYSTEM REGISTRATION. The Water Ops Team will develop and implement an Environmental Management System (EMS) in accordance with the ISO 14001 Standard and achieve registration in accordance with the Standard during the first fiscal year of the Bid Term. The Water Ops Team shall maintain this Registration for the remainder of the term of the Agreement.

#### **2.2.4 Functional Limits of Responsibility**

The Water Ops Team will be responsible for operating and maintaining all components of the System in accordance with this BID.

The Water Ops Team will be responsible for coordination (but shall not be responsible for actually performing) several activities with Water Department staff, regulatory agencies, and other contractors, including:

- Contractors performing work on System capital improvements.
- Regulatory agency inspections.

All property, structures, equipment, and other items in place at the site, and all new facilities constructed as Planned Capital Improvements, will be operated and maintained by the Water Ops Team.

#### **2.2.5 Capital Improvements**

##### **2.2.5.1 General**

The Capital Improvement Program (CIP) of the Water Department and third party projects, includes proposed projects ("Planned Capital Improvements") that will affect the operations and maintenance of the System, and that are identified in this BID. The Water Ops team will review and comment on designs for Planned Capital Improvements projects, coordinate with construction contractors during construction, and provide appropriate operations and maintenance staff to operate the Planned Capital Improvements projects upon acceptance by the City. There will be operations and maintenance training provided to the Water Ops Team and equipment performance tests as part of the Planned Capital Improvements. The actual timing, scope, and the extent of incorporation of Water Ops comments for such Planned Capital Improvements cannot be guaranteed at this time, and construction delays can have impacts on operations costs. Should such impacts be material, appropriate adjustments will be made to the Budget Objective in accordance with MOU Section Uncontrollable Events/Changes in Law.

The Water Ops will monitor warranty aspects of Planned Capital Improvements project equipment or facilities and accept corrective maintenance responsibilities after the Planned Capital Improvements stipulated warrantee or "good repair" period has expired. The Water Ops Team shall accept start-up and operational, routine maintenance, preventive maintenance, and predictive maintenance responsibilities of these Planned Capital Improvements after City/Water Department accepts them from the construction contractors. The Water Ops Team shall notify the City/Water Department during the warrantee period if equipment performance or reliability is deficient, or if Operations and Maintenance costs that are experienced during the warrantee period appear excessive. The responsible contractor or equipment supplier shall make warranty repairs at no cost to Water Ops. Costs for repairs made by Water Ops during the warranty period or on equipment reported by Water Ops Team during the warrantee period to have deficient performance or reliability shall be out of scope.

**2.2.5.2 Capital Expenditure Recommendation/Coordination**

The Water Ops Team will assess the need for capital expenditures and submit to the Water Department recommendations and justification for each item.

**2.2.5.3 In-Scope Capital Improvements**

Table 2.8 on the following page presents the Planned Capital Improvements to be considered as In-Scope for the purpose of this BID.

**2.2.5.4 Additional Capital Improvements**

For the purpose of this BID, Additional Capital Improvements are modifications not currently planned, or not included in the Planned Capital Improvements. The impact of these additional improvements or modifications on operational costs and/or the Budget Objective will be negotiated at the appropriate time.

**2.2.6 Performance Specifications for Operations**

This BID provides for all labor, equipment, parts, energy, chemicals, materials, supplies, and services necessary for uninterrupted operation of the facilities and compliance with all current regulatory, reporting, and other requirements of the System. Services to be provided by the Water Ops Team are as follows:

**BASELINE OPERATING CONDITIONS.** Baseline operating conditions, termed Assumed Water Supply Conditions (WSC), for purposes of establishing the Budget Objective, are specified in Section 2.2.2 of this BID. However, the Water Ops Team will be responsible for meeting treatment and other performance requirements for all operating conditions within the design criteria and/or operating permit of each component of the System.

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PERFORMANCE REQUIREMENTS FOR WATER QUALITY. The Water Ops Team shall manage the System to provide water of a quality that shall be equal to or better than that required under all Applicable Laws, including, but not limited to, the following:

- Interim Enhanced Surface Water Treatment Rule – Effective December 17, 2001 (63 FR 69478, 65 FR 20304, 65 FR 37052)
- Stage 1 Disinfectants/Disinfection Byproducts Rule – Effective December 16, 2001 (63 FR 69390, 65 FR 20304, 65 FR 37052).
- Long Term 1 Enhanced Surface Water Treatment Rule and Filter Backwash Rule (65 FR 19046)

The above referenced limits having a future effective date (as measured on the Agreement Date) shall not, for purposes of this Agreement, be deemed to be a Change in Law.

**Table 2.8**  
**City of San Diego**  
**In-Scope Planned Capital Improvements**

|                                                                                                                                                                                                                                                                                         | Schedule   |                 |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------|-----------------|
|                                                                                                                                                                                                                                                                                         | Start Date | Completion Date |
| <b><u>Alvarado Water Treatment Plant Expansion Project</u></b>                                                                                                                                                                                                                          |            |                 |
| Phase 1 - Capacity Increase from 120 to 150 MGD:<br>New filters, new raw and finished water chemical facilities, new rapid mix structure, new wash water tank, two pump station modifications, rehab of ops building.                                                                   | Nov 98     | Complete        |
| Phase 1A - Earl Thomas Reservoir Replacement                                                                                                                                                                                                                                            | Aug 02     | Jan 05          |
| Phase 2 - Capacity Increase from 150 to 200 MGD:<br>Two new flocculation and sedimentation basins, rehab existing flocc. and sedimentation basins. The operations and maintenance of the ozonation facility shall be considered out of scope due to the unknown cost and O & M impacts. | Apr 03     | Apr 09          |
| <b><u>Miramar Water Treatment Plant Expansion Project</u></b>                                                                                                                                                                                                                           |            |                 |
| Project - Capacity Increase from 140 to 215 MGD:<br>New rapid mix structure, new filters, chemical facilities, and existing facility upgrades. The operations and maintenance of the facility shall be considered out of scope due to the unknown cost and O & M impacts.               | Aug 03     | Nov 08          |
| Early Start (ES) Phase 1 Upgrades and Improvements to Miramar Lake Pump Station, and large pipelines                                                                                                                                                                                    | Apr 01     | Complete        |
| Early Start (ES) Phase 2 Site work for plant expansion, large pipelines, and influent splitting structure                                                                                                                                                                               | Aug 02     | Dec 04          |
| <b><u>Otay Water Treatment Plant Mass Grading and Clearwell Storage</u></b>                                                                                                                                                                                                             |            |                 |
| Two new clearwells                                                                                                                                                                                                                                                                      | Mar 03     | Oct 04          |
| WTP Improvements, under design, and upgrades. The operations and maintenance of the ultraviolet facility shall be considered out of scope due to the unknown cost of O & M impacts.                                                                                                     | Oct 04     | Oct 08          |
| Raw water pump station modifications                                                                                                                                                                                                                                                    | Apr 03     | Dec 05          |
| Chlorine vapor scrubber                                                                                                                                                                                                                                                                 | Nov 02     | Complete        |
| <b><u>Water Distribution System</u></b>                                                                                                                                                                                                                                                 |            |                 |
| Support of Main Replacement Program up to 10 miles per year                                                                                                                                                                                                                             | Annually   |                 |

Where Agreement limits are specified, they shall apply to the treated water produced from each water treatment plant on the System. Compliance with Agreement limits and Applicable Law standards shall be based on data collected at compliance monitoring points utilized by the Water Department on the Agreement Date. Unless otherwise required by Applicable Law, any change in the compliance monitoring points will be reported to the Water Department.

#### Turbidity

The Agreement limits for turbidity are summarized in the following Table 2.9.

**Table 2.9**  
**Water Treatment Plants Turbidity Standards**

| <b>Turbidity Statistic</b>                           | <b>Agreement Limit</b> |
|------------------------------------------------------|------------------------|
| Maximum Value Combined Filters, one time measurement | < 1.0 NTU <sup>1</sup> |
| 95% of Measurements Combined Filters                 | ≤ 0.3 NTU <sup>2</sup> |

- 1 Samples of combined filter water turbidity will be based upon individual measurement sampling at four (4) hour intervals. None of these samples shall exceed the Agreement limits. (IESWTR requirement)
- 2 Samples of combined filter water turbidity will be based upon sampling at four (4) hour intervals. The combined filtered water turbidity must be less than or equal to 0.3 NTU in at least ninety-five (95%) of the monthly samples. (IESWTR requirement)

#### Other Drinking Water Quality Standards

The Agreement limits for other drinking water quality parameters are summarized in the following Table 2.10.

**Table 2.10**  
**Water Treatment Plant and Distribution System**  
**Water Quality Standards**

| <b>Performance Parameter</b>   | <b>Agreement Limit</b>                                                                                                |
|--------------------------------|-----------------------------------------------------------------------------------------------------------------------|
| Chloramines residual, (mg/L)   | 1.5 mg/L minimum entrance system <sup>1</sup>                                                                         |
| Chloramines residual, (mg/L)   | 4.0 maximum entrance distribution system <sup>1</sup>                                                                 |
| pH, standard units             | 7.6 minimum – 9.0 maximum <sup>1</sup>                                                                                |
| Total trihalomethanes, (µg/L)  | < 0.080 in distribution system <sup>2</sup>                                                                           |
| Total haloacetic acids, (µg/L) | < 0.060 in distribution system <sup>2</sup>                                                                           |
| Boil water notice              | No boil water notices should be issued due to circumstances under the Water Ops Team's control.                       |
| Total coliform bacteria        | Less than 5.0 percent of monthly samples total-coliform positive. No repeat samples fecal coliform or e.coli positive |

- 1 Based upon analysis of daily grab samples.
- 2 Based upon quarterly average of current sampling frequency.

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REPORTING. Prepare for the Water Department all water related public notifications such as the City of San Diego Water Department Consumer Confidence Report (CCR).

AIR QUALITY. The Air Pollution Control District (APCD) regulates operations within the System. Compliance with the APCD permits shall be the performance standard for operation of chemical handling facilities and the engine driven generators.

RESIDUALS MANAGEMENT. The scope of services for Residual Sludge management at the three Treatment Plants shall include:

- Operation and maintenance of the - filter backwash and sedimentation basin residuals discharge to the reservoirs.
- Sampling and compliance in accordance with Applicable Law.
- Applicable Law and particularly as of the Commencement Date, the applicable permits, shall govern all filter backwash and sludge discharges to the adjacent reservoirs.

MONITORING AND ANALYSIS. The Water Ops Team will be responsible for process control. The Water Ops Team's Laboratory Section shall be responsible for monitoring and analysis for regulatory compliance. The regular laboratory analyses shall continue per current practice to be performed by the Water Ops Team's laboratory. The Water Ops Team's laboratory is certified by the State of California. Water Ops Team shall maintain copies of complete laboratory reports and shall make them available to the City and regulatory agencies upon request. The City may obtain split samples for all sampling performed by the Water Ops Team, or obtain separate samples, at the City's cost.

The Water Ops Team shall be responsible for managing daily analyses performed for the purpose of treatment plant process control, system operations, maintenance, and regulatory compliance. The daily process control analyses shall be managed and performed by plant operations. Sampling and analysis for system operations and regulatory compliance shall be performed by the Water Ops Team's laboratory.

The Water Ops Team shall ensure the utilization of laboratory facilities certified according to Applicable Laws to perform all required analyses. The Water Ops Team shall utilize the laboratory facilities at the Alvarado Water Treatment Plant (WTP). The Laboratory Quality Analysis/Quality Control (QA/QC) plan and all supporting documentation shall be maintained by the Water Ops Team and shall be available for review by the Water Department. Analysis shall be performed according to State and Federal Quality Control requirements.

### **2.2.7 Performance Specifications for Maintenance**

GENERAL REQUIREMENTS. This describes the responsibilities, duties, and obligations of the Water Ops Team relative to management of the operation and maintenance of the System. Operation and maintenance performance shall comply with all applicable standards, Prudent Industry Practice, requirements and guidance documents, including, but not limited to, the following: Design criteria, performance specifications and warranty maintenance requirements for the various components and equipment throughout the System; and asset maintenance performance standards.

The Water Ops Team shall manage to ensure all necessary support and administrative functions necessary to discharge its responsibilities under the Agreement. This will include, but is not limited to, managing: personnel administration, procurement and purchasing, vehicle maintenance, finance and accounting, treasury services, warehousing, and inventory control.

MAINTENANCE OF THE SYSTEM. Routine, Preventive, Predictive, and Corrective Maintenance are the Water Ops Team's responsibilities. The costs for labor, services, and materials, including lubricants, filters, belts, and all other consumable materials, and equipment repair or replacement are included in scope. Labor, equipment, materials, and specialty contract services associated with Capital Breakdowns are out of scope to the extent that associated costs exceed planned repair and replacement costs. This incremental cost will be funded by the Water Department with funds other than the Budget Objective. Costs for Corrective Maintenance, caused by Water Ops Team's failure to perform any of its maintenance or other obligations under this BID or by Water Ops Team's negligence will be the Water Ops Team's responsibility, and will be paid for from the Budget Objective.

Except for Capital Improvements, the Water Ops Team shall provide all personnel, materials, parts, equipment, supplies, and services necessary to maintain the System structures, process equipment, buildings, HVAC systems, electrical equipment, instrumentation and controls, roadways, walkways, and landscaping to accomplish high-efficiency operations, long-term reliability, and preservation of capital investment. Maintenance definitions are as follows:

- Routine Maintenance – Maintenance and care of grounds and landscaping, buildings and support systems, roadways and walkways, within the system property, including but not limited to repair, cleaning, painting and other activities to preserve the condition and appearance of these facilities.
- Preventive Maintenance – Regularly scheduled and follow-up maintenance activities, as recommended by equipment manufacturers, industry standards, or Department Policy /Procedures including routine inspections, warranty maintenance activities, painting, cleaning, and calibration.
- Predictive Maintenance – Predictive maintenance for electrical equipment, motors, and gearboxes will be included in the preventive maintenance program and shall include, but not be limited to, vibration analysis, thermographic or infrared testing of panels and motor control centers, and other electrical equipment testing, and oil analysis.

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- Corrective Maintenance – Repair and in-kind replacement or renewal of a single piece of equipment or other capital item that has failed, or failure is determined to be imminent, and the failure is not a Capital Breakdown. Labor costs are included. Refinement of the Maintenance Plan is a reportable event in the Performance Report. Should planned Maintenance Funds be appropriately unspent in any given year (e.g., expected life extended through effective preventative maintenance), a strategy and mechanism for the optimal use of the funds (reprogrammed to future year spending, etc.) shall be agreed upon and facilitated by the parties to the MOU. Disposition of these unspent funds is reportable in the Annual Performance Report.
- Capital Breakdown – Equipment or system failure, and consequential damage in the event that the Water Ops Team has provided all required Routine, Preventive, Predictive and Corrective Maintenance, and any one of the following also occurs:
  - 1) An entire sub-system that is essential in the production and distribution of drinking water fails such that component replacement is impractical, or ineffective.
  - 2) Third-party liability is involved.
  - 3) Any responsible agent outside the Water Ops Team requires a modification to enhance or improve safety.
  - 4) The failure occurs significantly earlier than the normal useful life of the equipment.
  - 5) Like replacement is not practical due to unavailability or obsolescence of the equipment.
  - 6) Funding for replacements is available from sources outside of the Water Department or the City, or from the Capital Improvement Program of the Water Department.
  - 7) The failure is due to an Uncontrollable Circumstance.

The Water Ops Team shall monitor all equipment warranties for new equipment under warranty. The Water Ops Team shall perform all activities in accordance with manufacturer recommendations to preserve warranties, both those in effect on the Commencement Date and those for new equipment purchased after the Commencement Date. The Water Ops Team shall advise the Water Department (for enforcement) of warranty related equipment failures and anticipated impact on facility operations.

The Water Ops Team shall maintain a complete schedule of all routine, preventive, and predictive maintenance activities, and all recommended corrective maintenance activities for the Water Department approval. Maintenance frequencies and anticipated useful equipment life shall be based on manufacturer recommendations unless otherwise justified and agreed to by the Water Department. Threshold values for predictive maintenance testing, along with appropriate justification, shall also be maintained.



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COMPUTERIZED MAINTENANCE MANAGEMENT SYSTEM. The Water Ops Team shall implement a computerized maintenance management system (CMMS) when funded by the Water Department, including furnishing all hardware, software, and development and support of equipment databases. The Water Ops Team will provide training on the CMMS for key staff to use the system. The CMMS implementation shall be subject to the Water Department's approval and Water Ops Team shall make provisions for the Water Department to access the CMMS data in its existing computer communications system. Any cost associated with providing the Water Department access to the Water Ops CMMS data in its existing or proposed computer communications system is out of scope. In order to ensure the success of the Bid-to-Goal efforts and in absence of providing a new CMMS, the Water Department will support modifications, enhancements and maintenance of the current SWIM system to meet the needs of the Water Ops Team.

WATER TREATMENT PLANT PREVENTIVE MAINTENANCE STANDARDS. For some portions of the water equipment, structures and facilities, preventive maintenance, in addition to that prescribed in the Agreement, shall be performed as provided in the Table 2.11.

Existing filters at the Alvarado, Miramar, and Otay WTPs shall not operate at loading rates in excess of permitted limitations without prior approval of the Water Department and the California Department of Health Services. In addition, prior approval from the Water Department shall be required to take any existing facilities permanently out of service.

**Table 2.11**  
**Alvarado, Miramar and Otay Water Treatment Plants**  
**Additional O&M Requirements**

| Component                                               | O&M Parameter                      | Frequency                                                       |
|---------------------------------------------------------|------------------------------------|-----------------------------------------------------------------|
| <b>Water Treatment Plants</b>                           |                                    |                                                                 |
| Valves                                                  | Check position, clean box, operate | Annually (repair/replace as necessary)                          |
| Storage Tanks                                           | Clean & Inspect                    | Every 4 years                                                   |
| Filters                                                 | Exercise Equipment                 | At Backwash 20-40 hours                                         |
| Emergency Chlorine Scrubbing System                     | Test Equipment                     | As required by operating permit or manufacturers recommendation |
| Sedimentation Basins                                    | Clean & remove sludge; inspection  | Annually (repair/replace as necessary)                          |
| Caustic Storage for Emergency Chlorine Scrubbing system | Test Strength of Solution          | Annually (after installation)                                   |
|                                                         | Replace and dispose of solution    | Every 3 years                                                   |

DISTRIBUTION SYSTEM OPERATIONS AND MAINTENANCE. For repairs made within the water distribution system, the Water Ops Team shall, consistent with its authorizations, obligations, and limitations under the Agreement, manage the performance of all work so as to comply with the Water Department's general specifications and standard drawings for pipe, pipe repair, and associated bedding, and compaction and paving requirements. All work shall also be performed in accordance with agreements, if any, in existence as of the contract date, between the Water Department and the City relative to road replacement and resurfacing requirements.

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Repairs to the distribution system shall be performed promptly so as to ensure minimal interruption of service. The Emergency Services crew shall respond to breaks of the distribution system mains within one (1) hour and repair work shall begin within two (2) hours. Service line leaks must be responded to within two (2) working days, unless it is a major leak, in which case a one (1) hour response time is required. A major leak is a water leak that adversely impacts Water Ops ability to provide water service to its customers or that adversely impacts, or potentially may impact, public health or safety. Following completion of the main repair, the area shall be cleaned and ready for resurfacing within seven (7) working days except as noted in the Water Ops Team's Annual Performance Report. A customer service strategy for informing customers affected by a service interruption shall be identified and followed. Other O&M Requirements are presented in Table 2.12.

Commercial and residential service calls indicating loss of service shall be responded to within two (2) hours, and water service shall be restored within one (1) day. Following completion of the repair, the site must be cleaned the same day and restored within thirty (30) working days in accordance to Council Ordinance 0-2003-128, Chapter 6, Article 2, Division 12. Fire hydrant "knock over" repairs shall be responded to as a main break and repaired within three (3) working days.

Residential meter leaks shall be responded to within two (2) working days. Repairs to residential meters shall be completed within seven (7) working days of notification. Initial response to commercial meter leaks shall be responded to within one (1) day. Non-emergency residential and commercial repairs will be referred to the Meter Services Section for scheduling of repairs and are out-of-scope of this bid. Repair of the meter shall be coordinated with the commercial customer and should be made available on a 24-hour per day basis.

The Water Ops Team shall make repairs to all service lines located between the System Water Mains and the System water meters. The Water Ops Team shall document and account for costs incurred in the repair of failed Poly-butylene service connections. For the purpose of this Bid the repair of 300, or less, failed poly-butylene service connections are in-scope.

The Water Ops Team shall perform Construction Reimbursable Services when directed. The Water Ops Team shall document and account for costs incurred for Construction Reimbursable Services. For the purpose of this Bid the in-scope Construction Reimbursable Services has a cost upper limit set at the FY 2003 expenditure level, or less, expressed in 2003 dollars.

The Water Ops Team shall also manage the provision of water from existing fire hydrants for temporary construction purposes according to the Water Department's then current policy procedures.

Water Quality complaints shall be responded to within four (4) hours during normal business hours. Flushing of service mains will be provided as necessary. Samples of water quality shall be obtained as necessary to document and identify the water quality. Water Operations Emergency Services Crews shall be available on a 24-hour per day on-call basis to obtain water samples as required.

The Water Ops Team shall manage to provide 24-hour per day on-call basis support to the City's fire department. Support shall be in the form of emergency on-site assistance in the location of active fire hydrants, water main valves and water lines.

Line valves (12 inches and larger), pressure reducing valves, water mains, and storage tanks must be maintained as indicated in Table 2.12.

**Table 2.12**  
**Distribution System O&M Requirements**

| Component                            | O&M Parameter    | Frequency                                                    |
|--------------------------------------|------------------|--------------------------------------------------------------|
| Altitude/Pressure Reducing Valves    | Inspect and Test | Annually for $\geq 12$ in.<br>See Maintenance for $< 12$ in. |
|                                      | Maintenance      | $\geq 12$ in. every 2 yrs & $< 12$ in.<br>every 4 yrs        |
| Line Valves,<br>12 inches and larger | Clean Box        | Maintain once every 5 years                                  |
|                                      | Check Position   | Maintain once every 5 years                                  |
|                                      | Operate          | Maintain once every 5 years                                  |

The Water Ops Team shall be required to manage the inspection of all suspected sunken trenches or potholes suspected to be caused by broken or defective water lines, as observed by the Water Ops Team or as reported by the personnel of the other City Departments, Water Department personnel, or citizen complaints. The Water Ops Team shall manage the response and inspection of all reported sunken trenches or suspected waterline breaks within twenty-four (24) hours of notification to the Water Ops Team. If due to a defective water main, the Water Ops Team shall manage repair of the main according to previously stated maintenance requirements. If the defect is due to another private or public utility, i.e., drain line, electric line, sewer line, etc., the appropriate utility shall be contacted upon identification.

## **2.2.8 Inspections and Reports**

### **2.2.8.1 Inspections**

The Water Ops Team shall attend and represent the Water Department at on-site operations, maintenance, and permit compliance inspections conducted by county, regional, state, and federal agencies having permitting authority and jurisdiction over the System. The Water Ops Team shall respond to the inspecting agency in writing with regard to any written inspection reports, and provide copies of inspection reports and responses to the Water Department.

The Water Ops Team may request internal courtesy inspections by City regulatory personnel and may respond as the Water Ops Team deems necessary. Costs associated with courtesy inspections are in-scope. Inspections initiated by City regulatory personnel, such as the Fire Department, Environmental Services/HazMat, and safety office, for no purpose other than to assist the Water Ops Team in assessing status, conducted more frequently than twice per year or what is then regularly required by any single agency shall

be out of scope. Inspections provided for by agreement or to validate remedies from previous inspection results are in scope.

2.2.8.2 Regulatory Reporting

The Water Ops Team shall review and certify all required regulatory agency reports and notifications in accordance with all current Water Department practices, regulatory agency requirements, and permits, including the CDHS Reports.

2.2.8.3 Periodic Reports

- 1) Information Reports. The Water Ops Team shall maintain monthly/accounting period data required for monitoring system performance, and report to the Water Department as directed.
- 2) Annual Inventory Reports. The Water Ops Team shall provide the City with Inventory Reports in accordance with Auditor guidelines.

2.2.8.4 Performance Reports

An Annual Performance Report covering best available information for the previous fiscal year shall be submitted on or before each first of November by the Water Ops Team via the Water Department Director to the City Manager and the Optimization Program Manager, with copies to the City Auditor and the appropriate Committees and/or Commissions. Format and content of the Annual Performance Report shall be in accordance with Figure 2-1 (located at the end of Section 2).

Quarterly Performance Reports covering best available year to date information through the first, second, and third fiscal quarters shall be submitted on or before the first of each November, February, and May with the same distribution as the Annual Performance Report. Format and content of the Quarterly Performance Report shall be in accordance with the following:

*Water Ops Annual Performance Report FY XXXX Quarter 1, 2, or 3*

*Section I      Operations Performance (same as Annual Performance Report, Section II.A.)*

The Water Ops Team shall provide status updates on the ISO 14001 Registration.

*Section II      Financial Status:*

- A.    Year to Date Fiscal Execution  
      (Management Information equal to Figure 2.1 detail)
- B.    Recommendations / Actions impacting Budget Objective

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C. Recommendations / Actions impacting Assurance Program

*Section III Narrative Description/Key Considerations*

Upon request of either the Utilities General Manager, Department Director, the Optimization Program Manager or the City Auditor, a copy of the current Water Operations Business Plan associated with this Bid shall be made available for periodic review.

**2.2.9 Additional Required Services**

Water Ops Team will be responsible for providing, as part of the Budget Objective, the following additional services:

Meetings: Each Program Section shall meet regularly with Division management to review operations and maintenance related issues. The Sections shall announce and make available to all personnel the opportunity to attend on-site periodic 'all hands' meetings.

Tours: When approved by the Water Ops Team, tours of the System for school groups, civic groups, government officials, and others, as requested or outlined by the City. Tour costs beyond a total of eight staff hours in any pay period and an annual not-to-exceed amount of 200 hours per facility shall be a Pass-through Cost.

**2.2.10 Services Not Part of Budget Objective**

The Water Ops Team shall not have cost responsibility for providing the services listed below. When requested or directed to perform these, the Water Ops Team will account for these services as out of scope items. Departmental budget considerations shall be identified to the Water Department in a timely manner.

Permit Applications: Assistance in preparation of regulatory permit applications or change negotiations relative to System operations and maintenance. The Water Ops Team shall approve applications prior to submittal by the Water Department. Permit Inspection fees paid to regulatory agencies shall be a Pass-through Cost.

Training: Provision to all employees of new or expanded City or Water Department directed training not directly related to the Water Ops Team's core functions.

Security: Responsibility for System security that is more extensive than the basic security provided and the pass through services provided by the Security Contractor. Additional security may include recommendations from Vulnerability Assessments.

Capital Improvement Program Assistance: Operational assistance, plans review, construction problem resolution, and other CIP related activities for CIP assistance for projects not described in this Bid.

Other Additional Services: Provision of any additional service above the levels provided within this BID, or support for out of scope activities.

Water Service Technician Program Administration: Support by other Divisions of the Water Department of the WST Program.

## 2.2.11 Pass-through Costs

### 2.2.11.1 Electricity

The Water Ops Team shall pay for actual electric usage under current rate schedule. Costs shall be a Pass-through Cost except for the value of any “negative” Annual Variance, as described in section 2.2.11.1.6, below) The Water Ops Team may monitor and record electricity use of third-party contractors for capital-related projects, and the costs of this usage shall be considered out of scope.

This Bid includes the establishment of monthly electrical consumption (kWh) targets for on-peak, semi-peak, and off-peak periods as well as for non-time-of-use electrical consumption. These targets are defined in Table 2.13 below.

**Table 2.13 –Consumption Targets (kWh) For Fiscal Years 2005-2009**

| Month     | On-Peak <sup>(1)</sup> | Semi-Peak <sup>(1)</sup> | Off-Peak <sup>(1)</sup> | Total <sup>(2)</sup> | Non-Time of Use <sup>(3)</sup> |
|-----------|------------------------|--------------------------|-------------------------|----------------------|--------------------------------|
| July      | 835,000                | 1,315,000                | 2,297,000               | 4,577,000            | 130,000                        |
| August    | 803,000                | 1,286,000                | 2,004,000               | 4,184,000            | 91,000                         |
| September | 740,000                | 1,197,000                | 2,082,000               | 4,132,000            | 113,000                        |
| October   | 392,000                | 1,328,000                | 1,835,000               | 3,746,000            | 191,000                        |
| November  | 170,000                | 1,236,000                | 1,489,000               | 3,086,000            | 191,000                        |
| December  | 190,000                | 1,119,000                | 1,525,000               | 3,034,000            | 200,000                        |
| January   | 193,000                | 1,190,000                | 1,557,000               | 3,151,000            | 211,000                        |
| February  | 219,000                | 1,323,000                | 1,594,000               | 3,271,000            | 135,000                        |
| March     | 195,000                | 1,169,000                | 1,377,000               | 2,859,000            | 118,000                        |
| April     | 194,000                | 1,296,000                | 1,509,000               | 3,085,000            | 86,000                         |
| May       | 461,000                | 981,000                  | 1,375,000               | 2,895,000            | 78,000                         |
| June      | 641,000                | 1,007,000                | 1,733,000               | 3,514,000            | 133,000                        |

- (1) The parameter is measured only for “Time of Use” (TOU) accounts as defined by SDG&E. The Target reflects the sum of the parameter for *all* Water Department TOU accounts.
- (2) The *Total* reflects consumption (kWh) for all Water Department Accounts. Due to the fact that many Water Department Accounts do not have on-peak, semi-peak, or off-peak measures, the Total is greater than the mathematical sum of these values.
- (3) The *Non-Time of Use* (NTOU) is calculated to develop a consumption target for those accounts that are not based on “time of use” and that do not have peak, semi-peak, and off peak measurements. The NTOU is mathematically expressed as:

$$\text{NTOU} = (\text{Total} - (\text{On-Peak} + \text{Semi-Peak} + \text{Off-Peak}))$$

Electrical consumption (kWh) data is reviewed and compiled on a monthly basis by Water Ops staff during the term of the Bid as follows:

- 1) Using the applicable monthly statements from SDG&E, identify the respective *on-peak*, *semi peak*, and *off-peak* consumption (kWh) and the corresponding Electric Energy Commodity rate. Also identify *total* consumption (kWh).

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2) For *on-peak*, *semi-peak*, and *off-peak* consumption respectively, calculate the monthly cost (based exclusively on the Electric Energy Commodity rate as specified on SDG&E Schedule EECC for the rate section containing ALTOU and PA-T-1 rates) by multiplying the respective rate (\$/kWh) by the respective consumption (kWh). The monthly rate used to calculate NTOU cost shall be \$0.090 (nine cents). Note: The rate for NTOU (nine cents) reflects the typical commodity rate for non time of use accounts and was chosen to simplify the reporting process. Should any party to this agreement or the Auditor determine this rate to be unreasonable, the a new rate shall be proposed and incorporated per in accordance with the procedures established in Section 1.5 of this Bid.

3) Multiply each respective *monthly rate* by the applicable Target Consumption (Tables 2.13) to calculate the Target Cost.

4) For each respective monthly rate, subtract the Actual Cost from the Target Cost. Then combine the results for each category (*on-peak*, *semi-peak*, *off-peak*, and *NTOU* respectively) to produce the Monthly Variance. A positive *Monthly Variance* indicates savings; a negative *Monthly Variance* indicates deficit.

5) At the end of the Fiscal Year, sum the *Monthly Variance* for each of the 12 months to calculate the Annual Variance. If the annual variance is positive, the Energy Conservation Credit (ECC) is established as follows:

$$ECC = (50\%) \times (Annual\ Variance)$$

6) If the annual variance is negative, the variance is considered to be part of the Fixed Cost (non pass through) and effectively increases the Fixed Cost evaluated against the Fixed Bid.

7) For the purposes of the ECC or an adjustment to the Fixed Cost associated with the Bid, the Annual Variance shall be capped at \$500,000 (Five Hundred Thousand Dollars). The parties mutually agree to explore the possibility of expanding this energy conservation program to include electrical demand (kiwi) and agree to amend the Bid and cap for the annual variance at the point in time when methodology for demand (kiwi) conservation has been suitably developed.

8) The values in Table 2.13 does not include the monthly amount for electrical consumption for purchased electricity for any new electrical load such as new System pumping stations, the new ozonation facilities or ultraviolet facilities which are to be constructed. When these facilities are brought into operation, the Water Operations Team will determine the amount of kWh required for these facilities and amend Table 2.13, and will request an Adjustment to the Bid per the procedure outlined in Section 1.5.

#### 2.2.11.2 Water Purchases

The Water Ops Team shall pay all bills and charges in a timely and consistent manner for the required imported water charges with respect to the System. The monthly Pass-through Component shall be equal to the sum of the actual amount paid by the Water Ops Team for the required Supply Charges, Water Exchanges, Variable Charges, Fixed Charges, and Water Program Credits, as identified on the June 2003 SDCWA Invoice. The incremental costs of imported treated water Supply Charge exclusive of raw water cost and the Other Charges and Adjustments as identified on the June 2003 SDCWA Invoice shall not be considered a Pass-through Cost, and is an in scope cost to be paid by the Water Ops Team as part of the Fixed Budget Objective.

2.2.11.3 Metropolitan Wastewater Department (MWWD) Service Level Agreements (SLA)

The monthly Pass-through Component shall be equal to the sum of the actual amount of costs incurred by the Water Ops Team providing services to MWWD in accordance to any SLA with MWWD. Examples of MWWD SLAs currently in effect are for Laboratory support and for Facility Information Management System (FIMS) Support. Water Ops will invoice the costs to MWWD in accordance with the SLAs.

2.2.11.4 Capital Improvement Program (CIP) Support

The monthly Pass-through Component shall be equal to the sum of the actual amount of unallocated costs incurred by the Water Ops Team providing support services to the Water Department CIP. The Water Ops Team shall account for all CIP related costs and properly account for these costs to CIP in accordance with the CIP Program procedures. Historically it has not been practical for all CIP support related costs to be allocated to the CIP. Any residual unallocated costs for CIP support such as costs for, unassigned time, training time, overtime and unassigned materials that remain not allocated to CIP, shall be a Pass-through Cost to Water Ops.

2.2.11.5 Water, Sewer, and Gas Services

The Water Ops Team shall pay for actual usage under current rate schedule. Costs shall be a Pass-through Cost. The Water Ops Team may monitor and record water use of third-party contractors for capital-related projects, and the costs of this usage shall be considered out of scope.

2.2.11.6 Summary of Pass-through Cost Components

The monthly Pass-through Component shall be equal to the sum of the actual amount paid by the Water Ops Team for the required operating charges presented in the charge codes presented in Table 2.14.

All Pass-through Costs for this Bid are listed in the Table 2.14. All other costs not listed in this table shall be considered to be part of the Fixed Budget Objective unless expressly identified in this Bid as Out of Scope.



**Table 2.14**  
**Summary of Pass-through Costs**

| <b>Description</b>                                        | <b>Functional Area</b>  | <b>Org. Code</b> | <b>Object Account</b> | <b>Object Account Title</b>                     |
|-----------------------------------------------------------|-------------------------|------------------|-----------------------|-------------------------------------------------|
| Liabilities                                               | Administration          | 503              | 4811                  | Fire Insurance                                  |
| Liabilities                                               | Administration          | 503              | 4813                  | Other Insurance                                 |
| Liabilities                                               | Administration          | 503              | 4821                  | Public Liability Vehicle Body Injury Claims     |
| Liabilities                                               | Administration          | 503              | 4822                  | Pub Lib VE PDC                                  |
| Liabilities                                               | Administration          | 503              | 4823                  | Public Liability General Body Injury Claim      |
| Liabilities                                               | Administration          | 503              | 4825                  | Public Liability General Property Damage Claim  |
| Electricity                                               | Administration          | 506              | 5101                  | Electric Services                               |
| Gas                                                       | Administration          | 506              | 5102                  | Gas Services                                    |
| Water                                                     | Administration          | 506              | 5204                  | Water Serv. Incl Hydr Rent                      |
| DWR Dam Fees                                              | Engineering             | 517              | 4146                  | Permits & Fees                                  |
| USA Locate                                                | Engineering             | 521              | 4146                  | Permits & Fees                                  |
| Sewer                                                     | Administration          | 506              | 5205                  | Sewer Service                                   |
| Water Purchases                                           | Engineering             | 524              | 3232                  | Water Purchases (Raw)                           |
| Contractual Services/ Other Agency                        | Engineering             | 524              | 4229                  | Contr. Services Other Agencies                  |
| In Lieu Taxes                                             | Engineering             | 524              | 4859                  | In Lieu Taxes                                   |
| P&R Lake Concessions SLA                                  | Reservoirs & Recreation | 599              | Various               | All Charges Supporting Lake Concessions         |
| Imperial Irrigation District                              | Administration          | 504              | 4469                  | Unclassified Fixed Charges                      |
| Right of Way Fees                                         | Administration          | 504              | 4146                  | Permits & Fees                                  |
| Inspection Fees                                           | Various                 | Various          | 4146                  | Permits & Fees                                  |
| Identified Pass-through Contractual Services/ City Forces | Administration          | 504              | Various               | Services Level Agreements Supporting Water Dept |
| Rent Land Buildings                                       | Administration          | 504              | 4682                  | Rent - Water Ops related portion, only          |
| Security Contract                                         | Safety                  | 5141             | 4222                  | Outside Security Contract                       |
| SLA providing Water Ops service for MWWD                  | Laboratory Engineering  | Various          | Various               | Various                                         |

## **2.3 PRICING**

The Budget Objective is based on the specified Water Supply Condition projections for each year of the Agreement. The assumption in the Budget Objective for inflation is 4 percent. Adjustments for actual cost increases and costs related to unforeseen circumstances may be made only pursuant to provisions in the Administration of Agreement Section V. of the MOU. The procedure for initiating adjustments to the Bid (subject to the provisions of the MOU) is identified in Section 1.5 of this Bid.

## **2.4 MODIFICATIONS**

SYSTEM MODIFICATIONS. It may be necessary or desirable to further modify, alter, or improve the System, either at the request of the Water Ops Team or the City. These modifications may be appropriate to increase the efficiency or improve the performance of the System, to anticipate or address the obsolescence of any portion of the System, or to respond to a Change in Law. All such System Modifications shall be financed and designed, built, procured, and implemented by the City.

MODIFICATIONS AT WATER OPS TEAM REQUEST. The Water Ops Team may propose that the City make System Modifications. All System Modifications proposed by the Water Ops Team shall be subject solely to the City's approval. The City has no obligation to accept the Water Ops Team's proposed System Modifications and the Water Ops Team shall not be entitled to relief for any failure of the City to undertake such System Modifications, unless pursuant to a Change in Law. If pursuant to a Change in Law, relief will be in accordance with MOU Section entitled Uncontrollable Events/Changes in Law.

MODIFICATIONS DUE TO CHANGES IN LAW. When a Change in Law occurs, the City shall make all System Modifications necessary to permit the Water Ops Team to perform its obligations under the agreement. The City and the Water Ops Team shall cooperatively evaluate alternate solutions and expeditiously address Changes in Law. Material operations and maintenance cost charges resulting from Changes in Law shall be out of scope and result in Budget Objective adjustments, unless otherwise specified in the governing Memorandum of Understanding.

MODIFICATIONS AT CITY ELECTION. The City may undertake System Modifications. If such modifications impair the ability of the Water Ops Team to meet the Regulatory Conditions, do not comply with this BID, adversely affect the Water Ops Team, or impose additional cost, delay, liability or obligation to the Water Ops Team, then a modification to the BID shall be negotiated.

PROCUREMENT OF SYSTEM MODIFICATIONS. The City may require that a System Modification be designed, built, procured, and implemented as a Water Department public works project. If undertaken by the Water Department or a third-party contractor, the Water Ops Team shall cooperate and assist in the implementation of the System Modification, in accordance with Section 2.2.5.1 of this BID.

PROCESS MODIFICATION APPROVAL. The Water Ops Team shall manage the System to use water treatment processes and chemicals utilized by the Water Department on the Agreement Date unless the Water Department approves changes thereto in writing. If a change is requested, the Water Ops Team shall submit a written request outlining the proposed change in process that shall include a comprehensive assessment of the technical impacts of the proposed change. This comprehensive assessment shall, at a minimum, include a summary of the anticipated finished water quality compared to current and future Applicable Law requirements and existing water quality, including

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taste and odor concerns, and operating and maintenance cost impacts associated with the change. Additionally, the assessment shall include a summary of how any modification might impact the quality, quantity, and/or Applicable Law status of Residual discharges and backwash water flows.

Once bid is accepted modifications to this agreement may be proposed by any party to this agreement as outlined in Section 1.5 of this Bid and resolved by consensus or negotiation as appropriate.

Figure 2.1  
WATER OPS TEAM  
ANNUAL PERFORMANCE REPORT  
FY XXXX

Date:

Submitted by:

**I. Financial Performance**

**A. Variance Calculation:**

**Adjusted Fixed Budget Objective** \_\_\_\_\_

*(Attach an explanation of any difference from MOU)*

**Less - Actual Fixed In Scope Spending** \_\_\_\_\_

*(Attach an explanation of adjustments from official report of total Water Ops execution to reach in scope spending)*

**Equals - Financial Performance Variance vs. the Fixed Budget Objective**

\_\_\_\_\_

**B. Disposition of Variance**

*For positive variance, follow MOU guidelines in the paragraph entitled Goal, subparagraph Treatment of Additional savings, and the paragraph entitled Administration of the Agreement, subparagraph Default Thresholds.*

*For negative variance, make default calculation per MOU paragraph entitled Administration of the Agreement, subparagraph Default Thresholds.*

**C. Assurance Program Status**

*Update the balance and describe all changes since the last report.*

**D. Available Future Year Credits**

*Update the balance and describe all changes since the last report. Include detail for the Assurance Program and the Water Fund.*

## II. Operations and Maintenance Performance

### A. Mandatory Performance Requirements

**Report any issue concerning violation of any Primary Maximum Contaminant Level (MCL) during the fiscal year.** *(Include requirement standard and actual Performance. Cite official reports by title, date, and location of original. Attach copy if practical.)*

**Report any documentation concerning current registration of the Water Ops Division Environmental Management System in accordance with the ISO 14001 Standard as prepared by an independent third-party registrar.** *(Include any lists of non-conformances from the Standard).*

### B. Other Key Performance Indicators

1. Report the actual performance for each of the Key Performance Indicators listed in the current Water Operations Business Plan.
2. Prepare a computation of the amount of funds to be transferred to the Assurance Fund in accordance with Table 1.3 of this BID.
3. Maintenance Plan Status

*Update key events since prior report to reflect planned and actual spending, disposition of unspent funds, plus any adjustment to future year planning. (e.g., trends indicate that the Plan should be increased/ decreased as follow: \_\_\_\_\_ Rationale: \_\_\_\_\_)*

## III. Narrative Description/Key Considerations

- A. *Describe how Budget Objectives and key performance indicators were met.*
- B. *Explain negative financial variances and Water Ops Standards not met. Include assessment of causal factors and recommended corrective measures, if needed.*
- C. *Discuss any unusual circumstances or assumptions not borne out and associated recommendations regarding future plans and execution.*

**BID TO GOAL**

**ADJUSTMENT JUSTIFICATION FORM**

(Include additional pages, if needed)

1. TYPE OF ADJUSTMENT (CIRCLE ONE)

Per MOU:

CIP Associated

Mandated changes in service levels

Changes in major NPE prices compared to Consumer Price Index

Changes in projected water flow

Changes in Raw Water characteristics

Capital breakdowns of major equipment or assets

Catastrophic Acts of Nature

Changes in Law

Labor Cost adjustment resulting from collective bargaining agreements

\*Other (explain in detail )

2. ADJUSTMENT (a) CALCULATION & (b) JUSTIFICATION

*(Cite and attach Director's Notice of Adjustment Materiality; expand if appropriate)*

3. AMPLIFYING INFORMATION

*(Cite and attach any related correspondence, minutes or meeting notes)*

### **SECTION 3**

## **SERVICE LEVEL AGREEMENTS FOR FUNCTIONAL AREAS**

### **3.1 GENERAL**

The Basis of the Water Ops BID presented in Section 2 of this BID summarized the responsibilities of the Water Ops Team. In essence, Section 2 presented the terms and conditions that will define the duties and responsibilities of the Water Ops Team to the City. The Service Level Agreements in this Section 3 present the basic responsibilities of each operation or support Section of the Water Ops Team to each of the other Operating or Support Sections and to the Water Department as a whole. The following information is provided for each Operating and Support Section of the Water Ops Team:

- Basic Service Assumptions
- Planned Capital Improvements
- BID
- Cost Assumptions

Section 3 also presents the level of service requirements to be provided by other Water Ops Sections, other Water Department Divisions, and general governmental services of the City.

### **3.2 ALVARADO WATER TREATMENT PLANT**

#### **3.2.1 Basic Service Assumptions**

- Treatment of all raw water meeting WSC delivered to the WTP systems in accordance with Permits and the SDWA
- Pump Raw Water into Treatment Plants
- Monitoring assistance and analysis review of testing
- Report preparation and submittal
- Operate Maintenance Management System
- Coordinate major maintenance
- Attend on-site CIP meetings for Planned Capital Improvements
- Site Safety
- Technical support and operational data upon request
- Coordinate ISO development and deployment
- Approved public and professional facility tours (Limited to eight hours per pay period)

#### **3.2.2 Planned Capital Improvements**

See Table 2.8.

### **3.2.3 BID**

#### **3.2.3.1 Cost Assumptions**

- Chemicals Applied to Water:
  - Enhanced coagulation is not required
  - Chemical Cost Assumptions: Ferric Chloride, \$0.155/lb.; Polymer \$0.34/lb.; Aqua Ammonia, \$0.05/lb.; Caustic Soda, \$0.88/lb.; Potassium Permanganate, \$1.29/lb.; Chlorine, \$0.132/lb.
- Engineering/CIP Activity:
  - Operations and Maintenance activities for Planned Capital Improvements, only (charged to CIP budget).
  - Repair and replacement responsibility for new CIP equipment commences at the end of the Warranty Period. See Table 2.8.
- Maintenance Staffing:
  - WST salary increases are included.
- Raw Water Characterization:
  - Water complies with WSC.
- CMMS:
  - Computerized Maintenance System software and SD DPC implementation assistance is not included, Ops staff for CMMS implementation, data entry, ongoing maintenance and training are included.

### **3.3 MIRAMAR WATER TREATMENT PLANT**

#### **3.3.1 Basic Service Assumptions**

- Treatment of all Raw Water meeting WSC delivered to the WTP systems in accordance with Permits and the SDWA.
- Pump Raw Water into Treatment Plants.
- Monitoring assistance and analysis review of testing
- Report preparation and submittal
- Operate Computerized Maintenance Management System
- Coordinate Major Maintenance
- Attend on-site CIP meetings for Planned Capital Improvements
- Site Safety
- Technical Support and Operational Data upon Request
- Coordinate ISO development and deployment
- Approved Public and Professional Facility tours (Limited to eight hours per pay period)

#### **3.3.2 Planned Capital Improvements**

See Table 2.8.



### **3.3.3 BID**

#### **3.3.3.1 Cost Assumptions**

- Chemicals Applied to Water:
  - Enhanced Coagulation is not required.
  - Chemical Cost Assumptions: Ferric Chloride, \$0.155/lb.; - Polymer, \$0.34/lb.; Aqua Ammonia, \$0.05/lb.; Caustic Soda, \$0.88/lb.; Potassium Permanganate, \$1.29/lb.; Chlorine, \$0.132/lb.
- Engineering/CIP Activity:
  - Operations and Maintenance activities for Planned Capital Improvements, only.
  - Repair and replacement responsibility for new CIP equipment commences at the end of the Warranty Period.
- Maintenance Staffing:
  - WST salary increases are included.
- Raw Water Characterization:
  - Water Complies with WSC.
- CMMS:
  - Computerized Maintenance System software and SD DPC implementation assistance is not included, Ops staff for CMMS implementation, data entry, ongoing maintenance and training are included.

### **3.4 OTAY WATER TREATMENT PLANT**

#### **3.4.1 Basic Service Assumptions**

- Treatment of all raw water meeting WSC delivered to the WTP systems in accordance with Permits and the SDWA
- Pump Raw Water into Treatment Plants
- Monitoring assistance and analysis review of testing
- Report preparation and submittal
- Operate Computerized Maintenance Management System
- Coordinate major maintenance
- Attend on-site CIP meetings for Planned Capital Improvements
- Site safety
- Technical support and operational data upon request
- Coordinate ISO development and deployment
- Approved Public and professional facility tours (Limited to eight hours per pay period)

#### **3.4.2 Planned Capital Improvements**

See Table 2.8.

### **3.4.3 BID**

#### **3.4.3.1 Cost Assumptions**

- Chemicals Applied to Water:
  - Enhanced coagulation is not required.
  - Chemical Cost Assumptions: Ferric Chloride, \$0.155/lb.; Polymer \$0.20/lb.; Aqua Ammonia, \$0.055/lb.; Caustic Soda, \$0.17/lb.; Potassium Permanganate, \$1.29/lb.; Chlorine, \$0.132/lb.
- Engineering/CIP Activity:
  - Operations and Maintenance activities for Planned Capital Improvements, only.
  - Repair and replacement responsibility for new CIP equipment commences at the end of the warranty period.
- Maintenance Staffing:
  - WST salary increases are included.
- Raw Water Characterization:
  - Water complies with WSC.
- CMMS:
  - Computerized Maintenance System software and SD DPC implementation assistance is not included; Ops staff for CMMS implementation, data entry, ongoing maintenance and training is included.

### **3.5 SYSTEM OPERATIONS**

#### **3.5.1 Basic Service Assumptions**

The System Operation's portion of the Scope of Work of the Employee Bid includes:

- Provide reliable and timely customer service.
- Repair, Replace and/or Maintain:
  - Fire Hydrants
  - Regulator/altitude valves
  - Recycled water facilities
  - City lakes
  - Boat ramps
  - Boat houses
  - Inlet towers
  - Tools and equipment
  - Air valves
  - Blow-offs
  - Butterfly, plug, gate and other valves
  - Dams
  - Tanks
  - Reservoirs
  - Standpipes

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- Plant equipment
- Water owned property/grounds
- Operations/facilities yards
- Pump stations
- Three water treatment plants
- Conduits/pipelines
- Utilize BMPs for storm water and water discharges.
- SCADA monitoring.
- Operate and control raw, treated and recycled distribution systems.
- Facility maintenance.
- Provide electrical/telemetry services to all water facilities: Installing, repairing, trouble-shooting, maintaining:
  - Motors
  - Blowers
  - Generators
  - Compressors
  - Electrical panels
  - Programming PLCs
  - Motorized valves
  - Emergency electrical hook-ups
- Security at water facilities by repairing and maintaining fences
- Perform shutdowns of mains
- Maintain and service fire hydrants
- Repair fire hydrant knock-overs
- Install air valves
- Provide Customer Service support
- Order water as needed from SDCWA
- Provide three day planned shutdown notification to Council
- Deliver water wagons
- Coordinate ISO development and deployment
- Investigate customer complaints
- Monitor Storm Water equipment to ensure adequate supplies for all required operations are carried in storerooms and on vehicles

### **3.5.2 Planned Capital Improvements**

See Table 2.8.

### **3.5.3 BID**

#### **3.5.3.1 Cost Assumptions**

- CMMS – Computerized Maintenance System software and SD DPC implementation assistance is not included; Ops staff for CMMS implementation, data entry, ongoing maintenance and training is included.
- Charges for coordination with cellular providers are charged to the cellular providers
- CIP (see Table 2.8)
- WST (salaries are included in the Bid)
- In-line valves less than 12 inches in diameter will not be included in the Preventive Maintenance program and will be repaired / replaced as needed.
- Annual Construction Reimbursable Services are capped at FY 2003 levels of cost, plus inflation.

### **3.6 CONSTRUCTION**

#### **3.6.1 Basic Service Assumptions**

The assumptions used to develop the Construction Programs portion of the Employee Bid and this Business Plan include:

- Provide reliable and timely customer service
- Repair water and recycled main breaks
- Install hi-line due to main breaks
- Repair pipeline and valve leaks, meters, and services (exclusive of polybutylene)
- Install new water and recycled services
- Install fire services
- Install 4-inch and greater backflow services
- Install new water main pipelines
- Perform cut and plugs to water main pipelines
- Remove and install valves
- Perform wet taps to water main pipelines
- Install blow-offs
- Perform street repairs
- Implement best management practices (BMPs) for storm drain protection and erosion control
- Replace meter boxes and vaults
- Provide traffic control patterns
- Adhere to trenching and shoring regulations
- Repair and finish concrete (sidewalks, streets, alleys)
- Install facilities pads (for meters, vaults, backflow prevention)
- Install and repair retaining walls

- Perform painting for water facilities
- Protect sensitive street features
- Install regulator stations
- Comply with confined space entry regulations
- Issuance of general personal protective equipment
- Provide three day planned shutdown notification to Council
- Investigate customer complaints
- Operate centralized tool rooms which repair and issue tools
- Provide carpentry and welding services supporting the Water Ops Team and maintenance at Operations facilities
- Fabricate gate keys and other tools and equipment
- Issuance of general personal protective equipment
- Coordinate ISO development and deployment
- Fleet coordination
- Monitor Storm Water equipment to ensure adequate supplies for all required operations are carried in storerooms and on vehicles

### **3.6.2 Planned Capital Improvements**

See Table 2.8.

### **3.6.3 BID**

#### **3.6.3.1 Cost Assumptions**

- CMMS Computerized Maintenance System software and SD DPC implementation assistance is not included; Ops staff for CMMS implementation, data entry, ongoing maintenance and training is included.
- CIP (See Table 2.8)
- WST (Salary costs included in the Bid.)
- Annual Construction Reimbursable Services are capped at FY 2003 levels of cost, plus inflation.
- Poly-butylene service repairs are limited to 300 service repairs, or less per year.

### **3.7 RESERVOIRS AND RECREATION**

#### **3.7.1 Basic Service Assumptions**

##### **3.7.1.1 Reservoir Operations**

- Perform all dam, pump station, well, intake/outlet, weather station, etc. inspections and readings as currently required (varies somewhat, several duties are done daily others weekly, monthly, and annually).
- Provide two shifts (sunrise to sunset) of site management during open days for boating and or water contact programs.

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- Monitor all scheduled activities on city reservoirs to ensure compliance with clean water standards.
- Maintain facilities according to scheduled maintenance and public impacts.
- Provide staff with 32 hours of annual training related to Reservoir Operations.
- Perform bi-monthly Watershed patrols at City owned reservoirs.

3.7.1.2 Recreation Management

- Provide recreational opportunities and monitor all recreational activities at eight City reservoirs in accordance with the City Lakes Operation Schedule found in the Business Plan. Modification of City Lakes Operation Schedule requires amendment of budget of BID.
- Provide industry standard safe net for public activities consisting of one shift (8 hours) of emergency medical technician (EMT) coverage for all reservoirs open for fishing/boating activities, and two shifts (sunrise to sunset) of EMT coverage for reservoirs open for water contact activities.
- Provide staff with 80 hours of annual training related to Recreation Management and maintain certifications and competency for perishable skills.

3.7.1.3 Resource Management

- Provide bi-monthly surveys.
- Maintain observation logs and enforce rules and regulations while on duty and during normal activities.

3.7.1.4 Support services

- Provide 80 hours annually of technical underwater dive support to Water Ops Team
- Coordinate ISO development and deployment

**3.7.2 Planned Capital Improvements**

None

**3.7.3 BID**

3.7.3.1 Cost Assumptions

- Recreation Schedule for City Lakes found in the Bid-to-Goal Business Plan is the basis for staffing and expenses of recreation activities.
- Support of Parks and Recreation Department staffing expenses of the Lakes Recreation Program is a Pass-through Cost.

### **3.8 ENGINEERING**

#### **3.8.1 Basic Responsibilities**

The scope of Engineering services, including the tasks for each section of the Engineering Group, is as follows:

- Distribution Engineering
  - Provide technical support for the operation and maintenance of the potable and recycled water distribution systems
  - Review and coordination of all potable and recycled water distribution studies and projects
  - Shutdown and start-up planning and coordination
  - City force work coordination and estimating
  - Facility operational and acceptance testing
  - Environmental as-needed contract management
  - Review and update of Department Standards and Guidelines and the Regional Standard Drawings
  - Approved Material List administration
  - Caltrans coordination
  - Air valve raising project administration
  - Energy management coordination
  - Investigate customer complaints
- Production Engineering
  - Water Treatment Plant support
  - Dam safety management
  - Water resource management
  - Watershed management
  - Storm water management
  - Groundwater management
  - Recreation program support
  - Civil as-needed contract management
- Facility Information Management Section
  - Maps and Records customer service (water and sewer)
  - Field data collection
  - Storm water program support including water main break tracking
  - Records management (SPLASH Data Maintenance)
  - GIS Program Management (water, recycled water, wastewater, fiber optic) (Utilizing General Electric Network Solutions SPLASH Application)
  - Maintain GIS database
  - GIS application development and implementation

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- GIS application training for City staff
- GIS ad hoc mapping and query support
- Department Operations Center support
- USA mark out for water, recycled water
- Investigate customer complaints
- Coordinate ISO development and deployment

### 3.8.2 Planned Capital Improvements

None

### 3.8.3 BID

#### 3.8.3.1 Cost Assumptions

- The Water Purchases (Treatment) included in the Bid is based on assumed treated water purchases presented in the Assumed Water Supply Conditions, Table 2.7.
- The following Table 3.1 specifies the assumptions used for the in-scope costs associated with the Water Purchases (Treatment):
- Engineering personnel services provided in accordance with the SLA for MWWDD shall be Pass-through Costs, and accrued in code 10 job orders established for that purpose.
- WST (salaries are included in the Bid)

**Table 3.1**  
**Assumed Water Purchases (Treatment) Costs**

|                                                         | 2005  | 2006  | 2007  | 2008  | 2009  |
|---------------------------------------------------------|-------|-------|-------|-------|-------|
| Incremental Treated Water Rate, \$/AF (calendar year)   | 101   | 113   | 133   | 136   | 155   |
| Miramar Pump Back Electrical Usage, \$/AF (fiscal year) | 17.18 | 18.04 | 18.94 | 19.89 | 20.88 |

## 3.9 DIVISION ADMINISTRATION

### 3.9.1 Basic Service Assumptions

The Division Administration's portion of the Scope of Work of the Employee Bid include:



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- Appointing Authority oversight and management of the Water Operations Division.
- Word processing and clerical support to Division Management Team and operations and maintenance functions of the City's water system.
- Assisting functions with SWIM research and data entry and reports for sections – Data entry of current service orders.
- Clerical support staffing the front office and reception desk, safety office, water quality lab, construction, system operations, and lakes and recreation.
- Corporate Apparel Uniform Program coordination.
- Personnel/Employee Roster.
- Vacancy list.
- Performance evaluations.
- Interview process support and document maintenance.
- Communication equipment inventory.
- Bid to Goal Reporting.
- Coordinate ISO development, deployment, and document control.
- Performance Measurement Program maintenance and tracking.
- Department Operations Center support.
- Update/review service level agreements, policies and procedures.
- Review of payroll documents and timecards.
- Review and Update Service Level Agreements (SLAs).
- Fielding consumer inquiries (clerical).
- Managing petty cash for Water Ops Team.
- Undertaking special projects performed by management analysts.
- Prepare and coordinate multimedia/AV needs for Water Ops Team (PIO).
- Investigate and respond to consumer, media, political, and interested party inquiries (PIO).
- Provide general public information, community relations support, and media outreach to Water Ops Team (PIO).
- Respond to Water Ops route slips, AIMs (PIO).
- Coordinate Water System Tours (PIO).
- Coordinate educational outreach opportunities and school partnerships (PIO).
- Provide support to Group Jobs/CIP projects (e.g., planned shutdowns, etc.) (PIO).
- Provide 24-hour PIO standby emergency response (e.g., media, council, public, etc.).
- Plan and coordinate community celebrations and Water Ops events (PIO).
- Produce Dept. of Health Services (DHS) Annual Water System Report (PIO).
- Produce Consumer Confidence Report (CCR -English & Spanish versions) – 12 page, four-color pamphlet mailed to 550,000 residents and businesses (PIO).
- Investigate and follow up on City Attorney and Risk Management inquiries/claims (Claims Officer/PIO).

Real estate issues and special policy requests from other divisions is out of scope.

### **3.9.2 Planned Capital Improvements**

None

### **3.9.3 BID**

**3.9.3.1 Cost Assumptions**

Costs for activities listed in the basis service assumptions above are included in the budget objectives.

**3.10 LABORATORY**

**3.10.1 Basic Responsibilities**

The Laboratory's portion of the Scope of Work of the Employee Bid includes:

- Conduct all compliance monitoring and reporting to meet the current State and Federal requirements.
- Maintain Lab Certifications.
- Maintain training at current levels.
- Provide distribution analytical data in a graphical format on a weekly/monthly basis.
- Provide expanded annual summaries of laboratory analyses and activities.
- Receive, respond to and/or resolve water quality inquiries and complaints.
- Watershed – monitoring, management, GIS mapping, and consulting.
- Raw water reservoir – monitoring, management, GIS mapping, and consulting
- Stormwater – monitoring.
- Hydrostatic/Potable Water Discharge Monitoring.
- Coordinate ISO development and deployment.
- Treatment Plant and Distribution System technical assistance.

**3.10.2 Planned Capital Improvements**

None

### **3.10.3 BID**

#### **3.10.3.1 Cost Assumptions**

- The costs are based on current levels of consolidation between the Water Laboratory functions and the Metropolitan Wastewater (MWWD) Laboratory, current services for outside agencies, current levels of monitoring, detection limits and analysis are maintained, and reimbursement from MWWD on shared costs.
- Laboratory personnel services provided in accordance with the SLA for MWWD shall be Pass-through Costs and accrued in billable job orders established for that purpose.

### **3.11 SAFETY**

#### **3.11.1 Basic Service Assumptions**

The Safety Section's portion of the Scope of Work of the Employee Bid includes:

- Evaluate Safety aspects of all Water Ops work sites and facilities.
- Perform up to 5 Safety Audits and Inspections per month.
- Issuing specialized safety equipment to Water Ops Employees.
- Conduct Injury Prevention Training Safety Tailgate Meetings.
- Prepare Safety Policies.
- Conduct Ergonomic Evaluations and job safety analysis.
- Perform injury and accident investigations.
- Provide 24-hour response to emergencies.
- Schedule Medical Examinations for staff.
- Coordinate Light Duty Staff Activities.
- Prepare and Maintain Cal / OSHA 300 Log.
- Repair of respiratory equipment.
- Conduct Respiratory Equipment Fit Testing.
- Security administration and monitoring.
- Conduct facility emergency drills.
- Conduct Disaster Preparedness Training Exercises.
- Conduct security tailgates.
- Processing Staff ID Cards.
- Perform security field audits.
- Coordinate ISO development and deployment.
- Testing of one Underground Storage Tank (UST) per year.

Removal of UST and/or disposal of hazardous materials is out-of-scope (excludes spills within the control of the Water Ops Team).

#### **3.11.2 Planned Capital Improvements**

None

#### **3.11.3 BID**

### 3.11.3.1 Cost Assumptions

Costs for activities listed as in-scope in the above list are included in the Budget Objectives.

## **3.12 STORM WATER / WATERSHEDS**

### **3.12.1 Basic Service Assumptions**

The Water Department's Storm Water / Watershed Program will provide support to the Water Operations Division by providing training and education on the use of best management practices in the field, facilities maintenance and protection of water resources so that the Operations Division operates the City's water system in accordance with existing NPDES Permit standards. This support includes the following:

- Storm Water Activities:
  - Develop and update SOPs, BMPs, and departmental instructions (DIs)
  - Quarterly Reporting of Hydrostatic/Potable Water Discharges
  - Responding to unplanned discharges—Storm Water Notice of Violations (NOVs)
  - Reviewing inspections for storm water compliance, establishing checklists for each facility, and assisting facility personnel in correcting deficiencies
  - Conduct training related to SOPs, BMPs and departmental instructions (DIs)
  - Prepare the annual report on storm water activities to General Services for the Regional Board
  - Coordinate public outreach efforts
  - Conduct monthly water operations meetings on storm water issues
  - Participate in meetings with co-permittees on the MS-4
  - Design minor BMPs for Water Department improvements
  - Provide on-site consultation to Water Department work crews
  - Prepare for audits on the City's Storm Water Program – Water Department's participation
  - Participate in developing grants for storm water improvements
  - Participate in meetings on Canyon Management Committee
  - Participate in meetings on Water Policy
  - Provide liaison to the Regional Board on Water Operation issues
- Watershed Activities:
  - Oversee Source Water Protection Project for new developments rollout and implementation
  - Oversee the development of a watershed plan for the San Dieguito River Watershed
  - Participate in the development of watershed plans for other rivers (Otay, San Diego, Penasquitos and San Dieguito)
  - Participate in activities affecting City watersheds
  - Conduct monthly watershed working group meeting
  - Review and comment on plans that impact our water resources
  - Participate in developing grants for watershed projects with other agencies
  - Participate with other water agencies in initiatives to protect source water
  - Make presentations on source water protection/ storm water / watersheds

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- Conduct watershed inspections for the protection of water resources
- Attend educational seminars or training sessions on watersheds / storm water
- Conduct monitoring in the City's watersheds / discharges into receiving waters
- Environmental Activities:
  - Provide environmental consulting to crews
  - Prepare mitigation plans for Water Ops. Projects
  - Handle environmental permitting for Water Ops Projects
  - Assist in preparing technical advice on grant request
  - Coordinate ISO development and deployment

### **3.12.2 Planned Capital Improvements**

No Capital Improvements are planned at this time but as improvements are identified for facilities Capital Improvements will be identified and funding sought.

### **3.12.3 BID**

#### **3.12.3.1 Cost Assumptions**

Costs for activities listed as in-scope in the above list are included in the Budget Objectives.

### **3.13 OTHER WATER DEPARTMENT AND CITY ACTIVITIES**

The Water Operations Team is necessarily dependent upon other divisions of the Water Department and other City departments to support the activities associated with Water Operations and Bid to Goal. The purpose of this section is to identify those key "supplier" dependencies and to state that any substantial failure of these "suppliers" to support the Water Ops Team as described herein could be cause for renegotiation of either the cost or performance terms of this BID.

#### **3.13.1 Basic Service Assumptions**

- From CIP Engineering:
  - Project Management for System Construction projects, to include development and issue of RFPs, obtaining designers, consultants, and construction firms, preparing environmental impact reports, ensuring that designs meet all applicable construction and safety requirements, and provide all document control
  - Coordinate with Plant staff and O&M Engineering to ensure minimal construction impacts to normal Plant and System operations
  - Provide inspection and approval of all construction projects to ensure fully functional, post construction operations
  - Provide warranty compliance assistance, and enforcement
  - Provide current level of contract support through life of agreement
- From Departmental MIS/Computer Technical Support:
  - Provide current level of support through life of agreement
- From Environmental Services Department:

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- Provide Technical support related to HazMat compliance, to include required staff training, facility inspections and status feedback, interpretation of related regulations and requirements
- Develop and provide required "business plan" for emergency response
- Coordinate County Health Department and City Fire Marshall's facility inspections
- From Purchasing Department:
  - Provide guidance and support related to the purchase of materials and services
- General Services:
  - Equipment Division
  - Central Stores
  - Purchasing
- From Personnel Department:
  - Provide guidance and support related to the selection and promotional process;
  - Provide specific required training for "performance appraisal" and "appointing authority interview"
  - Provide guidance and interpretation of Civil Service and Administrative rules and regulations
  - Provide general personnel support including generating recruiting announcements, providing selection protocols, notifications of ineligibility, etc.
- From Risk Management:
  - Provide current level of support through life of agreement
- From Departmental HR:
  - Coordinate Medical Program
  - Support to Fact Findings
  - Provide Departmental Payroll Functions
  - Tracking Performance Evaluations
  - Provide Mandatory Training Program
  - Manage Certification Program
  - Coordinate Rewards and Recognition Program
  - Assist in Tracking Department Vacancies
  - Manage Reduction-In-Force Issues
  - Manage centralized Laborer processes
  - Provide guidance and support related to the selection and promotional process
  - Provide required training for "performance appraisal" and "appointing authority interview"
  - Provide guidance and interpretation of Civil Service and Administrative rules and regulations
  - Provide general personnel support including generating recruiting announcements, providing selection protocols, notifications of ineligibility, etc.
  - Water Systems Technician program support.

## **SECTION 4**

### **DEFINITIONS AND INTERPRETATION**

As used in this BID, the following terms shall have the meanings set forth below:

"Agreement" means this Level of Service Agreement between the Water Ops Team and the City, including the Schedules and the Transaction Agreement Forms, as the same may be amended or modified from time to time in accordance herewith.

"Agreement Date" means the date this MOU and Bid is executed by the parties hereto.

"Applicable Law" means any law, rule, code, standard, regulation, requirement, court decree, court order, court agreement, permit, action, determination, guideline, or order of, or any Legal Entitlement issued by, any professional or industry organization or society or any Governmental Body having jurisdiction, applicable from time to time to any of the activities associated with the construction, operation, maintenance or repair of the System, the delivery, treatment, storage or supply of water, the transfer, handling, transportation or disposal of residuals, and any other transaction, matter or obligations of the parties contemplated hereby, without limitation, any of the foregoing which pertain to water treatment, residuals, health, safety, fire, environmental protection, labor relations, and building codes).

"Assumed Water Supply Conditions" means detailed projections concerning raw water (Raw Water) characteristics that are the basis of this BID. The Assumed Water Supply Conditions (WSC), expected to be transported or treated at each of the facilities of the System, were developed by Water Operations Engineering for system planning and are available for the BID. They also prepared Water Department facility fiscal year flow estimates, based on system generated calendar year flow projections and presented in the Annual Water Supply Plan.

"BID" means the Water Ops Team's Bid proposal in response to the City's Bid to Goal MOU.

"Bid to Goal MOU" means the Memorandum of Understanding (MOU) concerning the Bid to Goal offer of the Water Ops Team which was approved by the San Diego City Council and is attached in Appendix A.

"Bid Budget Objective" means the total annual compensation paid to the Water Operations Division to operate, maintain and manage the in-scope activities of the Water Ops Team in accordance with this BID, for each budget year during the term of this agreement. The Budget Objective includes the in-scope costs of operations, maintenance and management, the Pass-through Costs, the divisional contingency, and the allowance for inflation. The Budget Objective is the compensation the Water Ops Team will be paid for the services they provide, and shall not be changed, except as provided in the MOU and this EMPLOYEE BID. Refer to Section 1.3 of this Bid for definition of the components of the Bid Objective, specifically the Fixed Bid Objective and the Pass Through Bid Objective.

"CDHS" means the State of California, Department of Health Services.

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"Capital Breakdown" is defined in the Performance Specification for Maintenance paragraph of the BID.

"Change in Law" means generally any of the following events which occur after the agreement date:

- a) the promulgation, modification or written change in interpretation by a controlling authority of any applicable law unless the System had notice or should have had notice of such change as of the date of this agreement; or
- b) the order or judgment of any court or other controlling authority as long as it was not the result of a willful or negligent act or lack of reasonable diligence by a party to this agreement; or
- c) the denial of a permit application or the inclusion of a new relevant condition in the City's permit as long as such denial is not the result of a willful or negligent action or lack of diligence by a party to this agreement.

A "Change in Law" shall not include a change in any tax or similar law.

"City" means the City of San Diego, California.

"Construction Reimbursable Services" means the services provided by the Water Ops Team for approved work on the System requested by a non-City entity, such as a contractor or a developer, for which Water Ops costs are not reimbursed. The Water Enterprise Fund, the Water Department, or the City may be reimbursed for Construction Reimbursable Services.

"Corrective Maintenance" is defined in the Performance Specification for Maintenance paragraph of the BID.

"Employee Assurance Fund" means a separate monetary fund created from savings derived by the Water Ops Team as defined in the Bid to Goal Memorandum of Understanding.

"EPA" means the United States Environmental Protection Agency.

"Notice to Proceed" means those written instructions issued by the City to the Water Ops Team, requiring the Water Ops Team to commence operation of the System.

"Operation Services" means everything required to be furnished and done for and relating to the System by the Water Ops Team pursuant to this Agreement during the Operation Period. Operation Services include the employment and furnishing of all labor, materials, equipment, supplies, tools, storage, transportation, insurance, sales, delivery and other things and kinds of services whatsoever necessary for the full performance of the Water Ops Team's treatment, operation, maintenance and related obligations under this Agreement, and all of the Water Ops Team's administrative, accounting, record keeping, reporting, notification and similar responsibilities of every kind whatsoever under this Agreement pertaining to such obligations.

"Pass-through Costs" means the amount equal to the actual and direct expenses (without markup for profit, administration or otherwise) paid by the Water Ops Team to the City or to unrelated third parties including, but not limited to, the following purposes:



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1. Electricity. Any bills paid by the Water Ops team for electricity used at the System (except any electricity used in excess of the Guaranteed Maximum Energy Utilization).
2. Purchased Raw Water. Any bills paid by the Water Ops Team for raw water purchased to meet the needs of the System.
3. Real and Personal Property Tax and Sales Tax. Any property tax (or comparable tax having a different name, such as a franchise tax), whether real or personal, levied on the System or sales tax levied on account of sales of materials and supplies.
4. Insurance. The cost of Insurance or and funds assessed by the City's Risk Management Department.
5. Rights-of-Way fees and Payments in lieu of taxes.
6. Department wide Service Level Agreements.
7. Payments to the Imperial Irrigation District.
8. Payments for General Governmental Services.
9. Payments for Regulatory Fees and Permits.

"Predictive Maintenance" is defined in the Performance Specification for Maintenance paragraph of the BID.

"Preventive Maintenance" is defined in the Performance Specification for Maintenance paragraph of the BID.

"Prudent Industry Practice" means these methods, techniques, standards and practices which, at the time they are to be employed hereunder and in light of the circumstances known or reasonably believed to exist as such time, are generally accepted as prudent in the municipal water treatment and distribution industry as practiced in the southern California region.

"Public Records Act" means the California Public Records codified at California Government Code Section 6250 et seq., as amended from time to time.

"Risk Management" is defined as the City of San Diego Risk Management Department.

"Routine Maintenance" is defined in the Performance Specification for Maintenance paragraph of the BID.

"RWQCB" means the Regional Water Quality Control Board.

"SDCWA" means the San Diego County Water Authority.

"Service Territory" means the City of San Diego, San Diego County, portions of San Diego County and all other territory in which customers are served by the Water System during the Term hereof.

"Sludge" means Residuals generated or treated by the Water Ops Team resulting from the treatment of water.

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“Solid Waste” means any material wastes remaining from operations and maintenance, and administrative activities, but not residuals generated or treated by the Water Ops Team resulting from the treatment of water.

“State” means the State of California.

“System” means the following Facilities of the Water Ops Division which are included in the scope of services for operation services under this Agreement: 1) Operating Facilities include: Alvarado Water Treatment Plant, Miramar Water treatment Plant, Otay Water Treatment Plant, the San Diego Water Distribution and Transmission System and 2) that portion of the following Support Sections allocable to the in scope Operating Facilities: Division Administration, Engineering, Reservoirs and Recreation, Safety, Laboratory, and Stormwater, all together with all fixtures, equipment, tools and other property stored on or constituting the Facilities’ site.

"Treated Water" means Potable Water which has been treated by the System or purchased for the System in accordance herewith.

“Uncontrollable Circumstance” means generally any of the events or conditions defined in the MOU and having a material and adverse effect on the performance by the parties of their respective obligations under this Agreement, or on its operation, maintenance or management of the System.

“Utilities” means any and all utility services and installations whatsoever (including gas, water, sewer, telephone, and telecommunications), and all piping, wiring, conduit, and other fixtures of every kind whatsoever related thereto or used in connection therewith.

“Water Department” means the City of San Diego Water Department.

“Water Ops Team” means that portion of the Water Department’s Operations Division who is responsible for operating the System for the amount BID in accordance with this Level of Service Agreement. The Water Ops Team is a separate accounting unit of the Water Ops Division.